Bonmarché

Annual Report 2014

Driving growth by taking care of every detail

our core purpose

At Bonmarché, we make women of 50+ feel fabulous about themselves, at fantastic prices.

our culture

Our people and customers are at the heart of everything we do. We are a modern, innovative company which delivers excellent customer service and contributes locally.

our values

Our values are: respect, integrity, friendly service and professionalism.

We are one of the UK's largest women's value retailers, focused on selling affordable, stylish, premium quality clothing for real women everywhere

Overview

Strategic report

Governance

Financial statements

Throughout this Annual Report, we refer to our financial year to 29 March 2014 as 'FY14' and the previous financial year to 30 March 2013 as 'FY13'.

HIGHLIGHTS

revenue	profit before tax	underlying profit before tax
£164.3m	£8.0m	£11.2m
(2013: £146.8m)	(2013: £4.8m)	(2013: £6.1m)

post-exceptional adjusted basic earnings per share	dividend per share	Net cash
11.1p	2.1p	£7.8m
(2013: 7.3p)		(2013: £2.4m)

a compelling niche retailer

Learn more about us
Read more **page 4**

a strong year of growth

Chief Executive's report on the year
Read more **page 6**

solid strategic progress

Progress against each strategic objective
Read more **page 12**

multi-channel sales growth

Online sales up 84%
Read more **page 15**

Post-exceptional adjusted basic earnings per share

The change in share capital structure in 2013 has a profound effect on the calculation of the weighted average number of shares in issue, which is used to calculate basic earnings per share. In order to allow more meaningful comparison with previous years, we have only shown on this page post-exceptional adjusted basic earnings per share. The adjustment restates the weighted average number of shares in issue as if the total shares issued post-IPO were in issue throughout the whole year, and for the whole of FY13. Details of basic earnings per share can be found on page 52.

CHAIRMAN'S STATEMENT

A year of great change for the Group

It is my pleasure to welcome you to Bonmarché's first Annual Report and my first annual statement as Chairman.

I am delighted to report on a successful year, with strong growth, good progress against our strategic objectives and a successful IPO.

Colleagues and Directors

All successes start with the people and I am honoured to be able to recognise the contribution of each and every one of our 2,866 colleagues here. Our store, warehouse, buying and support colleagues form a fantastic team working together to delight the Bonmarché customer.

Beth Butterwick has shown great leadership during this extremely busy and challenging year. Steve Alldridge led the IPO with great professionalism, and the other members of the executive did not miss a beat in improving the business for customers.

I am delighted that Ishbel Macpherson and John Coleman joined the Board in October 2013. They have a wealth of talent and experience, and in the short time since their appointment they have already made valuable contributions. Ishbel has been appointed the Senior Independent Director and chairs the Audit Committee, and John has been appointed Chairman of the Remuneration Committee.

Performance for the year

From my very first exposure to Bonmarché I have been impressed by the focus on our customers. Our store colleagues are always charming and 'can do', our buying colleagues know the look and the fit and our marketing colleagues provide outstanding insight to guide the effort. The Bonmarché Bonus Club is a great asset.

So despite difficult economic conditions during the year we have been able to drive the business forward at a pace. Our focus on offering stylish, well-fitting, quality clothing at highly competitive prices has resonated well with our customers, of whom we have attracted more.

Our financial results show strong growth. Revenue (for the year ended 29 March 2014) increased 12% to £164.3m (from the prior 12 months) and operating profit was £8.2m, up from £5.9m. Post-exceptional adjusted basic earnings per share is 11.1 pence, which, restating the 12 months to 30 March 2013 on a pro-forma basis, is an increase of 52%. Cash generated from operations was £14.4m, allowing the outstanding loans to be fully repaid during the year.

It is particularly pleasing that our efforts have been recognised by our customers, who voted us No.1 'Clothing Retailer' and No.5 'Best High Street Shop' in the 2013 Which Satisfaction Survey, and No.2 in the 'Best Overall Retailer' and 'Best Clothing Retailer' categories of the 2013 Verdict Research awards.

AIM listing

We have made rapid progress in the last two years, so much so that the Group achieved a successful listing on the AIM market of the London Stock Exchange on 20 November 2013.

Corporate governance

The Board is committed to operating to high standards of corporate governance, as we believe that doing so will contribute to the delivery of long-term shareholder value. The business applies the principles of the Quoted Companies Alliance Corporate Governance Code for small and medium quoted companies and, where practicable, elements of the UK Corporate Governance Code.

Having been established shortly before the listing, the Audit and Remuneration Committees have had their first meetings, and are operating effectively.

The Corporate Governance Report on pages 29 to 32 sets out our governance framework in more detail.

Dividend

The Board is pleased to recommend a final dividend of 2.1 pence per share. If approved by the shareholders at the AGM on 31 July 2014, it will be paid on 5 August 2014 to shareholders on the register on 27 June 2014.

Outlook

I believe that the outlook for the business in the coming year is positive. We have multiple growth opportunities to build upon and our core quality and value proposition will continue to be popular as the market gradually recovers.

There is much still to do and I look forward to working with the Board and colleagues on what I expect will be another exciting year.

Tim Mason
Chairman

We are one of the UK's largest women's value retailers, with stores across the country

We are well placed to take advantage of our strong market position in the over 50+ womenswear segment.

6.5m
members in
our Bonus Club

We understand our customers

We place great emphasis on knowing what our customers want – the appropriate, styling and quality products at fantastic prices underpinned by outstanding service.

Our Bonus Club loyalty card scheme has approximately 6.5m members to whom it offers benefits, and it helps us to meet their needs.

90%
own brand product

Comprehensive range of womenswear

We offer a comprehensive range – designed in-house to offer the right balance of style, fit and value. The David Emanuel brand offers customers a slightly more premium choice.

263
stores across
the UK

Store portfolio with multi-channel offer

Located in convenient, accessible shopping areas, we have 263 stores across the UK.

'*Shop the way you want*' – we offer different ways to shop that are convenient for our customer – online, catalogue, TV and telephone.

2,800
employees

Talented and dedicated colleagues

Our committed and experienced colleagues provide friendly and helpful service that our customers love – it's one of the things we are known for.

CHIEF EXECUTIVE'S REPORT

I am pleased to report on a year of strong growth, driven through the execution of our business strategies

***Beth Butterwick** Chief Executive*

Introduction

In my first Chief Executive's report I am delighted with the progress we have made and the growth that Bonmarché has achieved. With full year sales at £164.3m, up 11.9%, we have been able to drive strong profit growth, whilst also allowing for investment in our multi-channel operations and in our teams. Our profit before tax was £8.0m, an increase of £3.2m from last year, and our underlying profit before tax was 85% higher than last year, increasing from £6.1m to £11.2m.

Over the last 12 months we have seen some improvement in consumer confidence, albeit customers are still cautious post-recession. Looking forward, even if general consumer demand grows slowly, we are optimistic about the outlook for our market. There are limited real clothing choices for our customers and with our complete focus on their needs, we believe we can maintain the growth of our business and market share.

We are confident that the successful execution of our strategy, developed using the valuable data our loyalty programme gives us, combined with the extensive commercial insight of our teams, will enable us to continue our appeal to existing and new customers alike.

Therefore during FY14, as well as achieving strong profit growth, we have laid many foundations for our future progression, and are positive about the outlook for FY15.

I would like to take this opportunity to thank our shareholders for their support in our early days as a publicly listed company.

Customers and market

We are dedicated to serving the mature female consumer and through the information we gain from our Bonus Club, are able to stay close to our customers. This data tells us what they think of our product offer, our service across multi-channels, and our store and e-commerce environments. As an example, customers informed us that they found outfits displayed on mannequins more realistic than on in-store photography. We listened to this feedback, and undertook an investment to provide more mannequins in stores. Anecdotal feedback from our retail colleagues is that this action has contributed to the year's like-for-like sales growth.

Bonmarché operates in the value womenswear sector, with our aim being to serve well the 50+ customer. Verdict* data tells us that the female population in the UK is increasingly an ageing one, with the 55+ female demographic growing at double the average rate of the total female population. In addition, the value segment of the clothing market has demonstrated resilient growth over the past few years and now represents 28% of the total female clothing sector. Cost-conscious consumers are continuing to prioritise value for money despite a pick up in key economic indicators. As women continue to work and remain active well into later life, many will desire more contemporary, stylish clothing and accessory solutions.

+14%
growth in market share

Based on the foregoing, it is our belief that this sector will continue to grow, yet it remains a poorly served market. We see this as our opportunity, and are optimistic about the market niche in which we operate. In the last 12 months, we have seen our share of the women's value sector increase from 2.8% to 3.2%, a 14% growth, and we are well placed to grow this further.

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Strategy

Our mission, 'To be the destination multi-channel retailer for 50+ women – who want style-appropriate, quality products at fantastic prices, with outstanding service', underpins our business plan.

Our strategy articulates how we will achieve this mission, and falls under four broad areas: *Product*, *Multi-channel*, *Stores* and the development of *Other sales channels*.

Product

To develop and enhance the main Bonmarché product range, which represents 90% of our sales, we have focused on '*building back gaps*' we had in certain key ranges, such as coats, blouses and skirts. Additionally, we have focused on '*increasing the mix representation*' in categories such as dresses, tops and accessories, where we are under-represented compared to the womenswear market average. Our *David Emanuel brand* represents the other 10% of the mix, and we will develop this label where we see additional opportunities.

Pricing in the value sector remains highly competitive and our stance has been to continue to defend our strong entry price position, through the extension of our '*first price***,** *right price*' strategy, in conjunction with targeted increases in exit prices where product differentiation and market demand supports it.

modernising our store portfolio

Supporting this, a further development has been to improve the availability of certain key styles – our 'hero lines', which should always be in stock in a full range of sizes and colours. In our supply chain, we identified an opportunity to rationalise further our supplier base, so as to evolve fewer, more meaningful, strategic partnerships. In conjunction with this, we plan to improve our supply chain flexibility, by developing a greater near-market component, so that we are better able to react to short-term changes in consumer demand.

Another element of our product strategy is to identify potential add-on opportunities. In 2013, we acquired the Ann Harvey plus size brand. This will be re-launched in the summer of 2014.

As we continue to talk with our customers, the potential to widen our product offer and broaden the scope of how we engage with them becomes more apparent. We will use feedback from this ongoing dialogue to develop future strategic objectives.

Multi-channel

Our customers, current and potential, are one of the fastest demographic converting to digital selling channels. We will therefore develop our e-commerce operation to realise the potential of an increasingly internet savvy market. There is a broad range of sub activities under this heading, which include traffic building, improving conversion, developing web specific ranges and improving the fulfilment experience.

We will continue to develop our catalogue (introduced last year) to attract customers who do not have the convenience of a local Bonmarché store but are not ready to embrace shopping online. This also acts as a powerful marketing tool for use in stores.

TV shopping will be used to build awareness of the brand, whilst also offering another medium through which customers may shop for our collection.

Underpinning our multi-channel platforms, will be the development of our fulfilment operations and infrastructure, to deliver a faster more coherent delivery experience for customers. Additionally an investment in a new EPOS system will support both better stock information and a more efficient service across all of our selling channels.

Stores

Having reconfigured our portfolio to 263 profitable stores, our strategy with regard to our existing estate is centred on improving our store environment. We will achieve this by testing varying levels of capital investment, depending on the store size, location and turnover.

Additionally, we have concentrated on finding other ways to improve the overall customer experience, whether it be by presenting clearer in-store product information, offering style advice or a relevant service, such as bra fitting.

Our strategy does not depend on a large opening programme of new solus stores, but there is certainly some scope for growth, and we have identified circa 30 priority towns that represent an opportunity should the right property become available.

OUR CUSTOMERS

Customer loyalty is extremely important to us and we are building on our strong brand identity with our established and loyal customer base. Our Bonus Club Scheme, which is our customer loyalty database, now stands at around 6.5 million members and is a valuable asset to us. The data we gather provides us with important insight into customer behaviour and spending patterns. It is used to adapt our decision making on an ongoing basis. For example, it allows us to generate an average age profile for every single garment that we sell so we review how products have performed at the end of the season. From that we can build outfits and see how our customers are buying items together and how their tastes evolve over time.

We are currently working to grow our group of high value high loyalty customers, who make up 25% of the 1.7 million active members.

CHIEF EXECUTIVE'S REPORT

continued

Other sales channels
Holidays and gardening are two of the top five most popular leisure-time pursuits within the 50+ demographic. We have therefore started exploring the viability of a Bonmarché model in other locations, such as garden centres, other 'outlet' locations and larger footprint retailers operating concession models.

Marketing
Our Bonus Club is well established, and our customers tell us that they like it. Nevertheless, we believe we can better reward our most loyal customers, and we will therefore seek ways to enhance their benefits this year. Additionally, as improvements to our product and stores gather momentum, we will conduct research that informs us how we can best promote Bonmarché to potential customers who are yet to discover us.

Progress update
FY14 was the first full year of implementing our strategy, following the development of our business plan the previous year. I am pleased to report that we have made good headway. Taking each of the main areas in turn, I set out a progress update.

Product
The collection has continued to improve significantly this year, as we react to the feedback harvested from customers, stores and the weekly information that the buying and merchandise teams analyse. I report on the results of our first initiative to '*build back the sales gaps*' in categories such as coats, blouses and skirts, where we were historically stronger. This year, these departments have contributed an additional £2.4m in sales.

Another key initiative was to '*develop categories where we know our mix is lower*' than the average for the market such as dresses, tops and accessories. Again, these departments have made great progress, increasing their mix percentages and contributing £4.3m to our overall sales growth.

On pricing, we have continued to develop our clear '*first price, right price*' stance. Evidence that this has been recognised by our customers is the growth across core departments such as T-shirts, knitwear, trousers and lingerie, a solid £6.0m increase on last year. At the other end of the price scale, we have developed our coat and dress ranges to achieve an increase in exit prices of up to 5%. The availability of our *top 20 'hero lines'* has improved compared to last year, contributing to a £3.0m sales increase.

In listening to ongoing feedback from our customers, we have continued to develop and deliver a greater proportion of contemporary product, whilst still ensuring that the fit and quality remain appropriate. Evidence of this successful execution is our markdown, which was 1.3% lower than last year.

We concentrated on rationalising our supplier base, reducing our active suppliers from 170 to 119. However, we have not become too dependent on any particular supplier – our top 20 suppliers still account for 67% of all stock purchases, the same as the year before. We are committed to ensuring the highest standards are maintained at every stage of production and, to support this, we are delighted to have appointed an experienced Quality & Sourcing Manager, whose key responsibility will be to ensure our merchandise is safe for our customers, and manufactured under secure, fair and humane working conditions.

Multi-channel
To lead the growth of the multi-channel side of our business, in June 2013, we appointed our first Multi-channel & Marketing Director. With 20 years of relevant retail experience his influence has already been felt, with great progress made across this area. In the new financial year, we will bolster this team's expertise with a Brand & Catalogue Manager.

Awarded No.1 clothing retailer

No.5 best high street shop

OUR COLLEAGUES

This year we've invested significantly in our colleagues because we believe that great people make great companies. Our people as well as our customers continue to be at the heart of everything we do. Additionally, we have focused on attracting new talent in our product and store functions, and we have built expertise in the multi-channel area, including the recruitment of a multi-channel and marketing director. Our customer insight and logistics functions have been restructured so that we are well placed to understand our customers of tomorrow and how they will want to shop. We have also recruited a talent manager to both understand the functional experts in our business and to facilitate successful future hires.

In our e-commerce channel, we have delivered:

– the full year effect of the benefits of our 2012 website re-platform. Evidence of these improvements were most apparent during the peak Christmas period;
– the recruitment of a new online digital marketing agency to increase our ability to attract new customers to our site;
– growth of our e-mail database, to 750,000 customers; and
– 400 new, web exclusive product lines, with the buying teams working closely with the multi-channel team, to develop more relevant, specific online ranges.

In relation to our Catalogue, we have:

– issued 550,000, at quarterly intervals during the year, which has contributed to the increase in sales and become established as a powerful marketing tool to help develop the stores' interaction with customers; and
– developed an important tool to both prompt our customers to try new collection items and to promote repeat purchases.

In our TV shopping channel, we have:

– delivered better shows, which have driven a net sales increase of £0.1m, an increase of 71% on last year; and
– developed our understanding as to which products sell best.

Our TV shopping channel will represent a small part of the total sales mix, but is a valuable and low-cost way of bringing Bonmarché to the attention of a wider audience.

Underpinning multi-channel are key operational developments, where we have:

– successfully outsourced a customer call centre to a local partner with an established empathy with our customers' age profile; and
– made improvements to our Christmas 2013 delivery promise, both by adding a 'next day' express service and the reduction of our delivery charges, to ensure we remain competitive.

Stores

Our like-for-like stores have grown sales 10.4% year-on-year. Net store numbers fell during FY14, mainly as we exited one store (Canterbury), occupied under a short-term tenancy at will arrangement. We relocated two sites (Coventry and Newcastle), and laid the foundations of the opening programme for FY15, during which we expect five new solus sites to open.

We have made a number of relatively low cost, store environment and selling improvements to the whole store estate, including:

– the introduction of more mannequins to all stores to add threatre to both in-store and window displays, overhauls which were completed early in the financial year;
– improvements to our fitting rooms to bring them up to a good standard, recognising that it will take some time before we are able to implement a more widespread 'concept fitting room' upgrade;
– in response to requests from our customers, we introduced 'tub chairs' to all stores, to cater for the many companions who accompany our customers on their often weekly shopping trips; and
– improved our in-store and till point graphics to educate our customers on the many ways they can shop at Bonmarché.

Additional colleague service initiatives we have introduced include:

– a *trained bra advisor* in every store;
– a '*VM Academy*' to support our stores developing their mannequin dressing and display standards; and
– the first full year of our mystery shopper '*Customer First*' *Programme*, where we have seen the average store score increase from 70% to 77% and the '*Net Promoter Score*' increase from 22% to an impressive 47%.

Our store estate is functional, but we see the potential to develop an environment in which our customers more naturally form an emotional engagement. To explore this, we tested several new refit concepts at varying investment levels in seven stores before Christmas. This has provided some good insights, and in our second phase we are refining the hierarchy of improvements, which we started testing in a further seven stores during March.

Other sales channels

In the last year, we have opened in two new sites within garden centres operated by a third party. Regrettably one was forced to close due to a fire, but we and our host partner have been very encouraged by the initial sales results, and have therefore begun a roll out programme for FY15.

In exploring additional locations where we can present our offer, we have also begun meaningful dialogues with several other third parties, and over the course of FY15 we expect to develop Bonmarché propositions in more new concession type spaces.

OUR KEY STRENGTHS

Talented and dedicated employees

Our colleagues are crucial to the successful delivery of our strategic objectives. With this in mind, we have continued to develop our in-house talent and where appropriate invested in new expertise.

Experienced management team

We have recruited a talented and experienced management team with a broad range of experience that matches our requirements and our future business objectives.

Strong loyalty

Our deep knowledge of the needs of our customers has enhanced customer loyalty over the past year.

The brand

We are dedicated to serving the mature female customer and our mission is to be the destination multi-channel retailer for 50+ women, who want style-appropriate, quality products at fantastic prices, with outstanding service. This mission underpins our business plan.

Coherent strategy

Our detailed knowledge of the sector and changing demographics, has informed the development of a coherent strategy. This sector has changed quite significantly over the last few years, with several key players exiting, the demise of traditional home shopping retailers and the more generalist retailers migrating to serve a younger age profile.

A transformed business

Our transformational phase is now complete. The last year has seen significant changes with respect to product, stores and the development of our multi-channel offering. This strategy has helped transform the way that the business operates. We have improved processes and built relationships with suppliers that have supported growth.

Broad product range with scope to diversify

We have broadened our product range over the past year, and built greater flexibility into our processes in order to allow more scope for diversification.

CHIEF EXECUTIVE'S REPORT

continued

In total, we expect to open in a further 15-20 other sites over the course of the new financial year. To support this activity, we have promoted one of our most experienced Regional Managers to Business Development Manager, to identify further opportunities, develop and maintain the relationships with partners, and lead the opening programme.

The year in review

I am delighted to say we have increased our profit before tax from £4.8m to £8.0m, and our underlying profit before tax (profit before exceptional items) from £6.1m to £11.2m. We have achieved this through strong sales growth, maintaining stability in our occupancy costs, whilst continuing to invest where we need to, such as multi-channel, in order to continue our growth.

Overall, we have seen underlying costs (excluding interest) as a proportion of sales reduce from 52.6% for FY13 to 50.2% for FY14, and the underlying profit before tax margin has therefore improved from 4.1% to 6.8%.

Sales growth

Our like-for-like stores have grown a respectable 10.4% year-on-year, with the main drivers being:

- product improvements;
- new window displays;
- service improvements, delivered through store training and the '*Customer First' Programme*; and
- a contribution from our catalogue, e-commerce e-mails and the improved Bonus Club customer mailers.

10.4%
like-for-like sales increase

During FY14, net selling space declined, and non like-for-like sales therefore reduced by £1.2m.

Our multi-channel sales have grown an impressive 84%, with the main component of the growth being increased visits, up by 90%.

Operations

In general operations we have implemented the following initiatives:

- restructured our logistics team and introduced a more broadly balanced senior management level, to support planned activity increases;
- extended the web-fulfilment team to cater for the 48% increase in despatch volumes;
- replaced some of our older HGV's. We took this opportunity to reshape the fleet to achieve a more flexible configuration, which will also reduce fuel costs and emissions; and
- began a project to update our EPOS system which will, at maturity, not only improve the customer experience at the till, but provide the technology for the customer to have the ability to purchase any product, at any time, from any store, and have it delivered to home or to store. The project will be implemented in stores through late 2014 and 2015.

Outlook – the year ahead

General market

With regards to the general economic outlook, there are both reports and statistics that suggest the economy is strengthening, albeit slowly. This is welcome news, but we are cautious in making assumptions about how quickly this will filter through to our customers in particular. Our forecasts have not incorporated any sales growth as a result of a general strengthening in the consumer market, and if any such growth materialises, it will be an upside to next year's plan.

Additionally, Verdict* has predicted a strong relative growth in the mature demographic and with our particular focus on the 50+ female population, we are positive about the opportunity this presents for Bonmarché.

Strategy

FY15 will be the second full year during which we execute the strategy set in the calendar year 2012. We remain confident that this will further enhance the importance of Bonmarché to its current customers and bring it to the attention of potential new ones. As our multi-channel offer becomes more seamless, it will also make the brand accessible to customers in more remote and perhaps international locations.

Therefore, our strategy for FY15 and beyond will evolve from this base. As we continue to understand more about this demographic, we will seek to identify opportunities to further complement our core womenswear offer.

Beth Butterwick
Chief Executive

OUR BUSINESS MODEL

Values

Our values (the way we treat people) run though everything we do:

- Respect
- Integrity
- Friendly service
- Professionalism

Strategy

Our strategy focuses on four main areas:

- Product
- Improve stores and new space
- Multi-channel
- Other sales channels

Use insight from customer database

Know our customers

Harvest commercial feedback from stores to inform buying and marketing decisions

source great product which customers love

Operate an effective supply chain

- ethical
- capable
- cost effective
- flexible

In-house distribution operation

- stock picked for stores or individual customers
- delivered to stores via in-house fleet or direct to customers via third parties

distribute it efficiently

allow customers to shop their way

- TV shopping
- Other locations, e.g. garden centres
- High-street stores
- Catalogues
- Online

great service = satisfied customers = value creation

We have developed a strategy focused on four core objectives to drive market share

Clear strategy for growth

Our core purpose of 'Making women of 50+ feel fabulous about themselves at fantastic prices' is the foundation of our strategy. We have a clear focus on our market and a real understanding of what our customers want. We believe the successful execution of our strategy will provide sustainable and long-term growth for the business.

We have identified four core growth areas: development and enhancement of the product range, growing its online and multi-channel proposition, the development of the Group's own store portfolio, and developing additional sales channels.

1

develop and enhance product range

Strategic objectives

Build back gaps in ranges
- Continue to regain sales in categories where Bonmarché was historically strong

Grow under-represented categories
- Develop categories where our current sales mix is under-represented

Develop new categories/David Emanuel range
- Grow the David Emanuel brand through new product extensions

Operational improvements
- Projects to increase accuracy and profitability of product and stock distribution

Progress in FY14

- New categories launched include lingerie, swimwear and jewellery
- Strong sales increases seen in both traditional and under-represented categories
- Pricing strategy of 'first price, right price' drove volume growth in core departments
- Supplier rationalisation – 20 suppliers now account for 67% of all stock purchases

Priorities for FY15

- Relaunch Ann Harvey brand
- Continue to develop a more agile supply chain

For further information see Strategic Pillars, pages 14 to 17.

2 improve multi-channel engagement and shopping	3 develop store portfolio	4 develop further sales channels
Develop e-commerce – Improve online marketing to increase traffic – Improve customer experience to drive higher conversion and basket values **Bonus club** – Clear understanding of our customers, using large database – Develop improved member benefits to build loyalty and attract new customers – Personalise and tailor customer marketing communications **Other online channels** – Increase brand awareness through TV selling presence, infomercials and PR	**Improve store environment** – Finalise testing and begin roll out of store refit programme **New stores** – Grow new store space in strategic-fit locations **Customer service improvements** – Build on existing initiatives to continue improving our service proposition	Develop alternative selling channels, whilst retaining a strategic fit with our core customers. Opportunities identified in garden centres, other non-high street locations, and department stores.
– Multi-channel and Marketing Director appointed – Online growth of 84%, driven by full year effect of refreshed website, web exclusive products and improved digital marketing – Launched sites on Amazon and eBay – Successful introduction of mail order catalogue, telephone order line and TV shopping channel	– Tested several new refit concepts – Refreshed all stores with improved fitting rooms, new window display units, improved in-store and till point graphics to promote multi-channel service, and introduced ‘tub chairs’ to all stores – Mystery shopper programme developed, showing good, yet improving customer satisfaction scores – Retail colleague training increased, including training of a well-received bra fitting service and visual merchandising academy	– A Business Development Manager was appointed to leverage opportunities – Two concessions opened within garden centres are showing initially very promising results – New dialogues commenced with third parties to open alternative store space
– EPOS system replacement project underway will bring more flexibility to fulfilment, and make the whole customer experience better connected – Improve mobile and tablet offering to promote an optimal viewing experience	– Extend refit trials with plan to roll out in 2015/16 – Five new stores – Evolving our colleague training and personal development programmes to support initiatives	– Plan for 15-20 additional selling locations to open in FY15
For further information see Strategic Pillars, pages 14 to 17.	For further information see Strategic Pillars, pages 14 to 17.	For further information see Strategic Pillars, pages 14 to 17.

STRATEGIC PILLAR 1

1

develop and enhance product range

Build back gaps in ranges
– Coats, blouses, skirts, sales +£2.4m

Grow under-represented categories
– Dresses, tops and accessories mix, increased by £4.3m

Develop Emanuel brand
– Designed exclusively for Bonmarché, the popularity of the expanded David Emanuel collection, has continued to increase

Launch Ann Harvey brand
– Stylish, elegant clothing designed to flatter and enhance the fuller figure

developing David Emanuel brand

further opportunities for own brand

STRATEGIC PILLAR 2

+55
fast growing online demographic for retail

2

improve multi-channel engagement and shopping

Fastest growing segment
– Online sales up 84% year-on-year
– Visitors up 90% year-on-year
– Email database grown by 50% to 750,000 customers

Bonus club
– Customer loyalty database of 6.5 million members
– 1.7 million active members
– An important insight into customer behaviour and spending patterns

Shopping channels
– Quarterly catalogue established as a powerful marketing tool
– TV shopping sales up 71% year-on-year to £0.3m; a low cost way of building the Bonmarché brand

Our quarterly catalogue offers an easy way to shop

improving customer experience online

STRATEGIC PILLAR 3

3

develop store portfolio

Store refit programme
– 14 refits completed during the year

Customer service improvement
– A trained bra adviser in every store
– Increased net promoter score from 22% to 47%

enhanced colleague training for improved customer service

5
new store openings planned FY15

STRATEGIC PILLAR 4

4

develop further sales channels

Swimwear and beachwear accessories across a broad range of sizes

Other selling channels

– Opened two concessions within garden centres
– Initial results are encouraging and a roll out programme is planned for FY15
– Dialogues with other third parties have begun for FY15 openings

Roll out of other Bonmarché sites planned for FY15

Bonmarché leisurewear designed to fit and flatter every figure

A range of financial and non-financial KPIs is used to measure performance and progress against the strategic plan

KPI | ***Definition*** | ***Performance***

1 Like-for-like sales %*

Definition

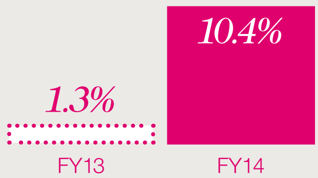
The year-on-year increase in sales from stores and concessions which have been open throughout the whole of the preceding financial year. This KPI excludes online sales.

Strategic area

Performance

A strong like-for-like sales performance, and all stores delivered sales growth. We see this as a valuable KPI despite the increased importance of multi-channel.

Result



2 Online participation %

Definition

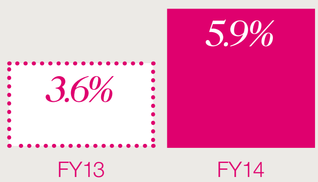
Online sales as a percentage of total sales.

Strategic area

Performance

The online participation increased by 64%. We were delighted with this but there is still much opportunity for the coming years.

Result



3 Product gross margin %*

Definition

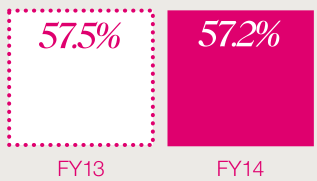
Product gross profit as a percentage of revenue.

Strategic area

Performance

As planned, the margin percentage fell slightly to facilitate the implementation of two parts of the strategy – 'first price, right price', and the early stages of increasing the proportion of near market sourced stock.

Result



KPI	*Definition*	*Performance*
4 Underlying PBT margin %	Profit before taxation (PBT) and exceptional items as a percentage of turnover. **Strategic area**	Strong sales drove a 2.7% increase in underlying profit before tax margin, after making investments in margin and multi-channel. The opportunity exists to improve this progressively towards levels achieved by peers. **Result** FY13: *4.1%* FY14: *6.8%*
5 Cash balance	Cash held by the Group at the year-end. **Strategic area**	Following repayment of the remaining loans, the cash balance at the end of the year was healthy, providing a good starting point for FY15. **Result** FY13: *£8.4m* FY14: *£8.2m*
6 Net promoter score	The proportion of people who would recommend the business to another. The data is derived from independent market research. **Strategic area**	This KPI was first measured during FY13, and has shown an improving trend. We believe our score to compare very favourably to those of comparable businesses. **Result** FY13: *22.1%* FY14: *47.0%*

* The like-for-like and product margin KPIs used are measured and quoted on the same basis as used for internal management reporting.

FINANCIAL REVIEW

Stephen Alldridge
Finance Director

To allow meaningful comparisons to be made against prior year figures, this section of the report refers to the 52 week period ending 30 March 2013 as the last year comparison period. The abbreviations 'FY14' and 'FY13' are used to refer to the 52 week periods ended 29 March 2014 and 30 March 2013, respectively. The audited financial statements are required by the Companies Act to present as the comparison period the trading period from 20 January 2012 to 30 March 2013.

For ease of reference, in the table below the results for the 15 month period have been split into the 52 week period ended 30 March 2013 and the 79 day period ended 31 March 2012.

Income statement	**52 weeks ended 29 March 2014 £'000**	52 weeks ended 30 March 2013 £'000	79 days ended 31 March 2012 £'000	Period ended 30 March 2013 £'000
Revenue	**164,294**	146,817	29,141	175,958
Cost of sales	**(124,516)**	(116,550)	(30,544)	(147,094)
Gross profit	**39,778**	30,267	(1,403)	28,864
Administrative expenses	**(24,648)**	(17,513)	(6,725)	(24,238)
Distribution costs	**(6,914)**	(6,882)	(1,370)	(8,252)
Gain on bargain purchase	**–**	–	17,008	17,008
Operating profit	**8,216**	5,872	7,510	13,382
Analysed as:				
Operating profit/(loss) before exceptional items	**11,466**	7,129	(7,101)	28
Exceptional items	**(3,250)**	(1,257)	14,611	13,354
Finance income	**–**	1	–	1
Finance costs	**(231)**	(1,067)	(253)	(1,320)
Profit before taxation	**7,985**	4,806	7,257	12,063
Taxation	**(2,419)**	(1,177)	(1,333)	(2,510)
Profit for the period	**5,566**	3,629	5,924	9,553

Memo information	**52 weeks ended 29 March 2014 £'000**	52 weeks ended 30 March 2013 £'000	79 days ended 31 March 2012 £'000	Period ended 30 March 2013 £'000
Underlying profit/(loss) before tax	**11,235**	6,063	(7,354)	(1,291)
Property lease costs	**16,917**	17,186	6,077	23,263
Depreciation	**1,829**	1,610	231	1,841
Intangibles amortisation	**366**	333	61	394
Statutory basic earnings per share (pence)	**23p**	2,733p	4,487p	7,220p
Post-exceptional adjusted basic earnings per share (assuming post IPO capital structure applied throughout) (pence)	**11.1p**	7.3p	11.8p	19.1p

Profit before tax and exceptional items

Group profit before tax was £8.0m (52 weeks ended 30 March 2013: £4.8m). Underlying profit (profit before tax and exceptional items) was £11.2m, an increase of 85.3% on last year's figure of £6.1m. The underlying profit before tax margin increased from 4.1% to 6.8%.

This was achieved by increasing sales, whilst broadly maintaining gross margins, with controlled investment in costs being made in certain areas, particularly in relation to multi-channel.

Revenue

Total revenue grew by 11.9% from £146.8m to £164.3m. Like-for-like sales increased by 10.4%, an overview of which is in included in the Chief Executive's report. Store numbers averaged 263 during FY14, compared to 266 during FY13, and sales decreased by £1.2m due to net changes in space. Multi-channel sales grew by 84.2%.

Sales analysis	FY14 £'000	FY13 £'000	% increase/ (decrease)
Like-for-like sales (incl. VAT)	**178,177**	161,459	10.4%
Net new/closed stores (incl. VAT)	**7,034**	8,269	(14.9%)
Online (incl. VAT)	**11,656**	6,329	84.2%
Total sales	**196,867**	176,057	11.8%
Other	**200**	80	151.6%
VAT	**(32,773)**	(29,320)	11.8%
Total revenue	**164,294**	146,817	11.9%

Gross margins and operating expenses

Our strategy to develop our 'first price, right price' offer, and increase the mix of near-market suppliers, required a repositioning of the margin, and as a result the product gross margin declined by 0.3% compared to FY13. A larger reduction had been planned, but a very strong sales performance through the summer season meant that markdown levels were lower than expected.

Underlying operating expenses[1] grew in absolute terms by 6.8%, but reduced from 52.6% of revenue in FY13 to 50.2%. The development of the multi-channel operation required an increase in marketing expenditure, and payroll costs increased as we strengthened our team, including the recruitment of Sean Emmett as Multi-channel & Marketing Director, and the addition of Non-executive Directors to our Board.

Exceptional items

£3.2m of FY14 costs have been classified as exceptional (FY13: £1.3m), £3.0m of which related to the November 2013 IPO. Bonmarché absorbed £1.5m of float related costs, the remainder being borne by the selling shareholder, an affiliate of Sun Capital Partners, Inc. ('Sun'). In addition, the Company was party to a consultancy services agreement with Sun, which could not continue following the IPO. An early termination of this agreement was therefore agreed, in consideration of which the Company paid Sun £1.5m. Finally, the £0.2m carrying value of the Ann Harvey brand was written down to £nil, as the Group did not conduct any trade under the brand in the year.

The FY13 exceptional costs related to the restructuring of the store estate which took place during the first six months of the calendar year 2012.

Tax

The pre-exceptional effective tax rate is 21.5%, which is lower than the 23.0% statutory rate, primarily due to a reduction in the deferred tax charge resulting from short-term timing differences. The post-exceptional tax charge of £2.4m represents 30.3% of post-exceptional profit before tax (FY13: 24.5%). This is higher than the statutory rate of 23.0%, as we have treated exceptional costs as not being fully deductible for tax.

Earnings per share and dividends

The statutory basic earnings per share for the year are 23 pence.

In order to compare earnings per share year-on-year and to aid future comparisons, the weighted average number of shares in issue has been restated on a pro-forma basis to reflect the post-IPO share capital structure, which has significantly more shares than the pre-IPO structure. The adjustment assumes the total shares issued post-IPO were in issue throughout the whole year, and the whole of FY13.

On this basis, post-exceptional adjusted basic earnings per share for FY14 were 11.1 pence per share and for FY13 were 7.3 pence per share, an increase of 52.1%.

The Board is recommending payment of the Group's first dividend as a listed entity. This will be a final dividend in respect of FY14, calculated on a pro-rata basis to reflect the proportion of the year during which the Group has been listed on the AIM market. The dividend to be proposed at the AGM on 31 July 2014 is 2.1 pence per share. If approved, the dividend with be paid on 5 August 2014 to shareholders on the register on 27 June 2014.

Cash flow

Net cash generated from operating activities was £9.5m, after accounting for the £3.0m of IPO related costs. This allowed the remaining loans to be fully repaid during the year, as well as funding the year's capex projects.

Cash position

The Group ended the year with a cash balance of £8.2m (slightly inflated due to working capital timing differences), and no debt (other than some small finance leases), underpinning a strong balance sheet. In addition, the Group has at its disposal a £10.0m revolving credit facility provided by Barclays Bank, should seasonal working capital fluctuations create the need to use it, although this was not necessary at any point during the year. The Barclays facility matures during May 2016.

Stock

Stock at the year-end was £22.1m, 9.4% above the £20.2m balance at the end of FY13.

Terminal stock levels (i.e. residual stocks from the 2013/14 Autumn/Winter season) were low, providing a good position from which to begin the new financial year.

Capital expenditure

Investment in property, plant and equipment and intangible assets totalled £4.8m during FY14 (FY13: £2.7m). The major areas of expenditure were on projects to replace the EPOS system, store improvements and relocations, and the first part of a two stage project to replace the trucks used to deliver stock to stores. The EPOS replacement project runs over two years, and the remaining expenditure in connection with this project will be defrayed during FY15.

Stephen Alldridge
Finance Director
13 June 2014

[1] Underlying operating expenses are defined as cost of sales less cost of stock recognised as an expense and included in cost of sales (note 13 of the Group financial statements) plus administrative expenses and distribution costs, less exceptional items.

PRINCIPAL RISKS AND UNCERTAINTIES

We set out below the principal risks and uncertainties that the Directors consider could impact the business, and the mitigating activities in place to minimise their impact. The list highlights the principal risks, but there may be other risks to which the business is exposed, and the list is not therefore intended to be exhaustive.

Risks have been classified as either external, in relation to which we are unable to influence the likelihood, or internal, in relation to which we can influence both likelihood and impact. The risks highlighted here have not been ranked in any order of priority.

How we identify, assess and manage risks

The Board is committed to following good corporate governance practice, part of which requires a sound risk management framework. The Corporate Governance Report on pages 29 to 32 includes a summary of the main features of our risk management and internal control systems.

The Board has delegated certain responsibilities in relation to the management of risk to senior management. Senior management identifies new or emerging risks, or changes to risks that are relevant to their area of responsibility. Risks are given an overall 'impact' assessment, having been measured against a defined set of likelihood and impact criteria. Senior management is responsible for monitoring the mitigating activities and taking any actions required. A key tool used to support the risk management process is the Risk Register, which records relevant risks that have been identified, and tracks the status of any mitigating actions or controls.

Risk reporting

Senior management conducts quarterly risk reviews at which the Risk Register and other risk information is considered. Senior management updates the Audit Committee on matters relating to risk, on a regular basis, and may raise matters on an ad-hoc basis if required.

Principal risks – external

Principal risks	Risk and impact	Mitigation
Economy	Almost all of the Group's revenue is generated in the UK. A deterioration in the performance of the UK economy would reduce the consumers' ability or desire to purchase discretionary items. A reduction in consumer expenditure could adversely affect the Group's financial condition, operations and business prospects.	The effect of economic conditions on the business is monitored by the Board. The business offers a lower priced, value-oriented product and the Directors therefore consider that the business would be less affected by a reduction in discretionary expenditure than other clothing retailers. In addition, the leased property portfolio has relatively short terms, providing the flexibility to close or relocate stores should it become necessary.
New competitors	The Group operates in a competitive industry. An existing retailer may expand into the business's target market, or a new entrant to the market may emerge. A decline in market share could lead to less favourable margins and may have a material adverse effect on the Group's financial condition, operations and business prospects.	The Group has adopted a strategy which is intended to differentiate it from its closest competitors. Senior management regularly reviews the competitive landscape, supported by for example, third party competitor benchmarking research. In addition, the 'Bonus Club' customer database is regularly monitored for evidence of changes in trends which might indicate the need for the business to take action.
Foreign exchange risk	The Group purchases a significant proportion of its stock from overseas, and is therefore exposed to foreign currency risk. Most such overseas purchases are paid for in US Dollars. Given that the Group's sales and operations are denominated in Pounds Sterling, it is exposed to the effects of changes in the Sterling to US Dollar exchange rate. Without mitigation, input costs may vary, creating uncertainty as to profits and cash flows.	A Treasury Policy sets out the procedures and parameters under which foreign currency hedging instruments may be purchased. The hedging instruments purchased are required to manage or reduce the Group's exposure to foreign currency fluctuations. The Group does not speculate on foreign currency transactions in order to make a profit.

Principal risks – external

Principal risks	Risk and impact	Mitigation
Weather conditions	The attitude and/or sensitivity of Bonmarché's customers to changes in weather affects when they shop and what they buy. Prolonged unseasonal or extreme weather conditions (such as extended periods of snow and ice in winter) may have a material adverse effect on the Group's business, operations and financial condition.	The Directors' strategy of developing alternative sales channels reduces the reliance on high street footfall. In addition, the business has taken steps to improve the availability of core basic product lines, sales of which can be more resilient during periods of low footfall as a result of adverse or unseasonal weather.

Principal risks – internal

Principal risks	Risk and impact	Mitigation
Key management	The Group's Executive Directors and senior managers (together, the 'key management') have in depth knowledge of the Group, Bonmarché's brands, products and target markets, and the women's fashion industry generally. The Directors believe that the retention of its key management as well as the recruitment of future personnel with similar attributes is important to successful business performance and strategy implementation.	The Group's Remuneration Policy is designed to attract, retain and motivate key management and includes a long-term incentive scheme and performance-related pay. Succession plans are in place for key roles and the Group encourages personal development for colleagues, to maximise the opportunities for internal succession.
Purchase of products from overseas	The Group's products are predominantly manufactured overseas. Senior management conducts due diligence to ensure that the Group engages with business partners that comply with laws, regulations and generally accepted standards of good practice. Failure to carry out sufficient due diligence and to act in the event of any negative findings could negatively impact reputation, customer and investor appeal.	A policy covering the selection of suitable suppliers, including review of compliance with laws and regulations and good practices is in place. Bonmarché is a founder member of the 'Ethical Trade Initiative' and is committed to working only with those suppliers who can demonstrate that they are committed to the ethical treatment of workers. The business is also registered with Sedex, an organisation that provides an online database allowing members to store, share and report information on labour standards, health and safety, environment and business ethics of suppliers.
Buying and design	Failure to successfully identify and react to the fashion and clothing preferences of the target market could result in lower sales, higher markdowns to reduce excess inventories and lower profits. The Group's customer goodwill and brand image could be negatively impacted.	Trends and demands are continually reviewed by knowledgeable and experienced employees who have a high level of market awareness. Senior employees conduct product and market research and attend trade fairs. Internal processes consider store and customer feedback on designs, quality and demand and management takes action where appropriate. Data from the 'Bonus Club' customer database is considered in the development of future season's products.
Strategy	The success of the strategy is key to delivering long-term growth and increasing shareholder value. A poor strategy or ineffective execution could result in the Group's planned growth being delayed or not achieved.	The Board reviews strategy and objectives on a regular basis. A strategic plan is in place and communicated across the business. Budgets are aligned to the strategic plan and key strategic initiatives are allocated dedicated resource to promote effective execution.

BOARD OF DIRECTORS

Tim Mason
Non-executive Chairman (Non-Independent)

Tim Mason has over 30 years of retail experience, with 25 years spent in senior management roles (including 17 at board level). He is Managing Director of Operations at Sun European Partners LLP and was appointed Non-executive Chairman at Bonmarché in October 2013. Tim served from 1995 to 2012 as a board director at Tesco and since 2010 as Deputy CEO of Tesco PLC and Chief Marketing Officer and also as President and CEO of Fresh & Easy Neighbourhood Market Inc. since its founding in 2007. Tim also served on the boards of Capital Radio PLC and Business in the Community.

Beth Butterwick
Chief Executive

Appointed to the Group in 2011, Beth Butterwick led the turnaround of the new business strategy. This enabled the acquisition of the business and assets of Bonmarché by Bonmarché Limited, an affiliate of Sun Capital Partners, Inc., in January 2012. With over 21 years' retail experience, Beth started her career as a graduate trainee with Marks & Spencer where she progressed to Head of Buying for the Accessories Group. She joined Gap Inc. as part of the senior management team responsible for the European expansion. Following this, Beth was appointed as Commercial Director at MS Mode BV, based in the Netherlands, where she played a key part in its performance improvement, prior to its acquisition by Excellent Retail Brands Group in January 2011.

Stephen Alldridge
Finance Director

Stephen Alldridge joined the Group in 2003 and has an in-depth knowledge of Bonmarché. With Beth Butterwick, he led the acquisition of the business in January 2012 and has since been closely involved in the development of strategy, as well as overseeing Bonmarché's logistics and IT operations, and leading the successful IPO in November 2013. Before joining Bonmarché, he was a financial controller at The Peacock Group plc, which he joined in 1996. He qualified as a Chartered Accountant with Ernst & Young, following which he spent two further years with the firm working as a corporate recovery manager.

Ishbel Macpherson
Senior Independent Non-executive Director

Ishbel Macpherson has eight years of experience acting as a non-executive director on the boards of various companies in different sectors, including pharmaceuticals, retail and support services. Prior to acting as a non-executive director, Ishbel worked in the finance sector, as Head of UK Emerging Companies Corporate Finance at Dresdner Kleinwort Wasserstein between 1999 and 2005, Head of Smaller Companies, Corporate Finance at Hoare Govett between 1994 and 1999, and as Director of Corporate Finance at BZW between 1989 and 1994.

Ishbel is Chairman of the Audit Committee and a member of the Remuneration Committee.

John Coleman
Independent Non-executive Director

John Coleman has 14 years of experience acting as a non-executive director on the boards of various companies in different sectors, including builders merchants, travel/leisure and retail, including the value fashion retail segment. As well as acting as a non-executive director, John worked as CEO of House of Fraser between 1996 and 2006 and as CEO of Texas Homecare and Ladbrokes plc between 1993 and 1995. Before that he was Managing Director of Dorothy Perkins from 1991 to 1993, Managing Director of Top Man and Top Shop from 1990 to 1991 and Managing Director of Top Shop from 1986 to 1990, all at the Burton Group. John is a qualified accountant.

John is Chairman of the Remuneration Committee and a member of the Audit Committee.

TRADING BOARD

Caroline Cotton
Buying Director

Caroline Cotton joined the Group in October 2011 and heads up the Buying and Design function of the Group and is responsible for supplier relations and compliance. Previously, she spent eight years at AIS, followed by ten years at Kaleidoscope, two years at Adams and eleven years at M&Co.

Jeff Bee
Merchandising Director

Jeff Bee joined the Group in June 2012. He heads up the Merchandising function of the Group and takes responsibility for the levels of stock the Group maintains, pricing and the product mix. Previously, he spent 12 years at Next, three years at Matalan and ten years as a consultant to companies such as Marks & Spencer, Dixons Group, Faith and Republic.

Mark Pickersgill
Retail Director

Mark Pickersgill joined the Group in August 2008 to head up retail operations, store portfolio and store design and visual merchandising for the Group. Previously, he spent four years at C&A, six years at Top Shop, two years at Next, three years at Gymboree and seven years at Peacocks.

Sean Emmett
Multi-channel and Marketing Director

Sean Emmett joined the Group in June 2013 to head up the multi-channel and marketing function of the Group. He is responsible for marketing, for developing Bonmarché's multi-channel offer and driving sales through channels such as e-commerce, catalogue, call centre and TV shopping. Previously, he spent 20 years at Next, three years at Marks & Spencer and two and a half years at Jessops.

DIRECTORS' REPORT

Introduction
The Directors present their Annual Report and the audited consolidated financial statements for the year ended 29 March 2014.

The disclosure requirements of the Companies Act 2006 and, where the Directors have deemed it appropriate, the Listing Rules and the UKLA Disclosure and Transparency Rules, have been met by the contents of this Directors' Report, along with the Strategic Report, and the Directors' Remuneration Report which should therefore be read in conjunction with this report.

The Company
Bonmarché Holdings plc (the 'Company') is a company incorporated and domiciled in the UK, with the registered company number 08638336. The Company was incorporated on 5 August 2013 as Bonmarché Holdings Limited, a wholly owned subsidiary of BM Holdings S.à r.l.

On 26 September 2013 it acquired the share capital of Bluebird UK Topco Limited from BM Holdings S.à r.l. and minority shareholders, in a share-for-share exchange. Bluebird UK Topco Limited had subsidiary undertakings, which included Bonmarché Limited, a company whose principal activity is as a multi-channel retailer of high quality, affordable womenswear and accessories. A list of the Company's subsidiaries can be found in Note 10c of the Company financial statements.

On 1 November 2013 Bonmarché Holdings Limited re-registered as Bonmarché Holdings plc and on 20 November 2013 listed on the AIM market of the London Stock Exchange.

Share capital
Details of the share capital of the Company from incorporation to 29 March 2014 are shown in Note 5c of the Company financial statements.

The Bonmarché Employee Benefit Trust ('EBT') was established during the year. It owns certain shares jointly with certain members of a senior management share scheme, pursuant to the rules of the scheme. Details of the shares held by the EBT and the share scheme can be found in notes 24 and 21 respectively, of the Group financial statements.

Directors
The Directors who held office during the period and up to the date of signing the financial statements were:

Beth Butterwick	(appointed 5 August 2013)
Stephen Alldridge	(appointed 5 August 2013)
Tim Mason	(appointed 17 October 2013)
Ishbel Macpherson	(appointed 14 October 2013)
John Coleman	(appointed 14 October 2013)

Directors' interests
Information about the Directors' interests in the shares of the Company can be found in the Directors' Remuneration Report.

Directors' indemnities
As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by s234 of the Companies Act 2006. The indemnity was in force throughout the financial period and at the date of approval of the financial statements. The Group also purchased and maintained throughout the financial period Directors' and Officers' liability insurance in respect of itself and its Directors.

Reappointment of Directors
In accordance with the Company's Articles of Association, all the Directors offer themselves for election at the AGM, as they were appointed during the year.

Employees
The Group employs 2,866 employees and had 1,505 full time equivalent employees at the year-end.

Employee involvement
The Group's policy is actively to involve its employees in the business and to ensure that matters of concern to them, including the Group's aims and objectives and the financial and economic factors which impact thereon are communicated in an open and regular manner. This is achieved principally through regular senior management meetings and briefings both on a national and regional basis, and augmented by retail conferences held at appropriate intervals.

A management equity plan exists to incentivise the Executive Directors and Senior Managers.

The Directors are committed to delivering the highest standards of health and safety for employees and for others who may be affected by the Group's activities, in particular, customers.

The Group is committed to employing the right people, training them well, and coaching and promoting from within wherever possible. Well trained and motivated people are key to the Group's customer oriented and profit driven culture, and are fundamental to the long-term success of the business.

Disabled employees
The Group's policy is to give equal consideration to all applicants for employment including disabled people. Career development and training are available to all employees and those who become disabled are afforded every assistance to enable them to continue in their career, including retraining where necessary.

Annual General Meeting and dividends
The Annual General Meeting ('AGM') will be held on 31 July 2013 at 12.00pm at the registered office, Jubilee Way, Grange Moor, Wakefield, West Yorkshire, WF4 4SJ.

The Directors have proposed a final dividend of 2.1 pence per share, amounting to a dividend of £1.1m, which is subject to approval by the shareholders at the AGM. In line with the requirements of IAS 10 – 'Events after the reporting period', this dividend has not been recognised as a liability in the financial statements.

The Directors are proposing the establishment of an All Employee Save As You Earn scheme and a Share Incentive Plan, for which shareholder approval will be sought at the AGM. The current shareholding structure may prevent the schemes from being implemented immediately, but the Board's intention, having established the infrastructure, is to activate the schemes as soon as circumstances allow.

External auditors

PricewaterhouseCoopers LLP have issued their independent report on these financial statements to the shareholders of Bonmarché Holdings plc. The report can be found on page 39.

Disclosure of information to auditors

Each Director, as at the date of this report, has confirmed that insofar as they are aware there is no relevant audit information (that is, information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware, and they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Reappointment

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution that they be re-appointed will be proposed at the AGM.

Financial risk management

Financial risk management objectives and policies, including information on financial risks that materially impact the Group, can be found in note 2 of the Group financial statements. The policy for hedging forward foreign currency payments can be found within the 'Derivative financial instruments and hedging activities' section of note 1 of the Group financial statements.

Other information

Going concern

The Directors consider that the business is a going concern and that it is appropriate to prepare the financial statements on a going concern basis.

In reaching this conclusion, the Directors have assessed the Group's current performance and position and factors that may affect the Group's future prospects.

The Group's financial and cash position is strong, as it had a positive cash balance at the year-end of £8.2m and no material debt. It also has in place a £10m Revolving Credit Facility ('RCF'), which matures in May 2016. The RCF requires the Group to comply with certain financial covenants, which have been met during the financial year, and since the year-end. The Directors have reviewed forecasts and projections and consider that the Group has adequate banking facilities to meet its operational and capital commitments. The future prospects of the Group are positive as it operates in a sector of the market that is forecast to grow in future years and has a robust business plan. The Directors consider that the market growth, alongside strategic developments, will yield positive growth for the Group.

The Directors therefore have a reasonable basis on which to satisfy themselves that the business is a going concern.

Events after the year-end

Between 29 March 2013 and the date of this report, there have been no material events.

The Strategic Report, the Directors' Report and the Directors' Remuneration Report were approved by the Board.

On behalf of the Board

Stephen Alldridge
Director
13 June 2014

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Directors' responsibilities in respect of the Annual Report and financial statements

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

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union ('EU') and 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 financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Parent Company and of their profit or loss for the period. In preparing these 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 IFRSs as adopted by the EU and applicable UK Accounting Standards have been followed, subject to any material departures being disclosed and explained in the Group and Parent Company financial statements;
– prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group or 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 the Group and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and the Group 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 Group's website, www.bonmarcheplc.co.uk. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy.

Statement of responsibility of the Directors

Each of the Directors, whose names and functions are listed on page 24, confirm that, to the best of each persons knowledge:

– the financial statements, which have been prepared in accordance with applicable IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group; and
– the Strategic Report and the Directors' Report contained in the Annual Report on pages 6 to 27 includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that they face.

Approved by the Board and signed on its behalf:

Beth Butterwick
Chief Executive
13 June 2014

Stephen Alldridge
Finance Director
13 June 2014

CORPORATE GOVERNANCE

Tim Mason
Chairman

Dear shareholder,

Principles of Corporate Governance

As a Board we recognise that applying sound governance principles in running the Company is essential. We apply the Quoted Companies Alliance Corporate Governance guidelines (the ‘QCA code’) which are widely recognised as a benchmark for corporate governance of smaller quoted companies and are therefore most appropriate to Bonmarché. The Company also intends to comply with elements of the UK Corporate Governance Code (the ‘UK Code’) to the extent that it is appropriate to do so for a company of its nature and size.

The Company and its advisers carried out a review of its governance procedures and practices at the time of the initial public offering in November 2013 and introduced a number of new policies. Further information is given in the report below. We believe this has given us a firm foundation for working towards compliance with the UK Code in due course.

The Board

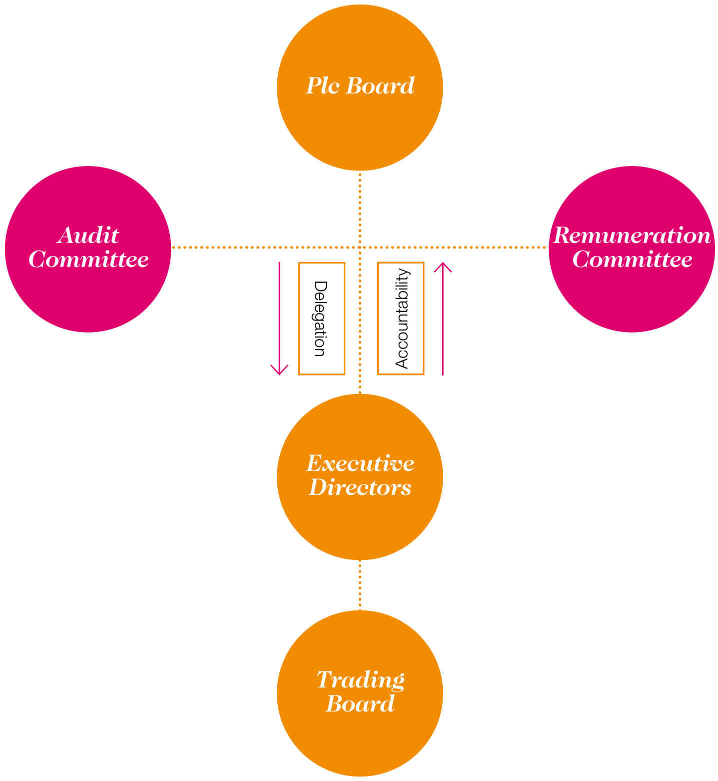
Myself and two new Non-executive Directors were appointed in October 2013 and I believe we have a Board that will support and challenge executive management to deliver its objectives.

As Chairman, I would like to state my full commitment to maintaining high standards of corporate governance and to being transparent about our arrangements and intentions for future improvement. This report should be seen as a step towards these goals which will further develop as the Company evolves.

Tim Mason
Chairman
13 June 2014

An effective management framework

Operation of the Board and its Committees



The role of the Board

At flotation a new Schedule of Matters Reserved for the Board was agreed which sets out the Board’s responsibilities. The key responsibilities of the Board are:

- the overall management of the Group;
- approval of long-term objectives and strategy;
- approval of revenue and capital budgets and plans;
- oversight of operations ensuring adequate systems of internal control and risk management are in place, ensuring maintenance of accounting and other records and compliance with statutory and regulatory obligations;
- review of performance in the light of strategy and budgets, ensuring any necessary corrective actions are taken;
- approval of the audited financial statements, Annual Report, material contracts and major projects;
- approval of the dividend policy;
- determining changes to structure, size and composition of the Board;
- determining remuneration policy for the Directors and senior executives and approval of the remuneration of the Non-executive Directors; and
- approval of communications with shareholders and the market.

Composition of the Board

The Board consists of five Directors: the Chairman, two Executive Directors, and two Non-executive Directors. It is therefore compliant with the UK Code requirement that companies below the FTSE 350 should have at least two independent directors. In view of his relationship with Sun Capital, the Company's largest shareholder, the Chairman was not considered to be independent on his appointment. However, the two Non-executive Directors are fully independent. The Board's composition is geared towards the current stage of development of the business. Its skill set includes extensive knowledge of the retail sector and City related matters. Details of the experience and background of each of the Directors is given in their biographies on page 24.

Appointments to the Board and re-election

Due to the size of the Group the Directors have decided that issues concerning the nomination of Directors will be dealt with by the Board rather than a committee.

With regard to re-election of Directors the Company is governed by its Articles of Association ('Articles'). Under the Articles, the Board has the power to appoint a Director during the year but any person so appointed must stand for election at the next Annual General Meeting. At each Annual General Meeting ('AGM'), one-third of the Directors (or the number nearest to but not exceeding one-third if the number of Directors is not a multiple of three) must retire from office. Any Director who has been a Director at each preceding two Annual General Meetings and has not been re-appointed since, must retire from office at the next AGM. The Director is then eligible to stand for re-appointment by the shareholders. In accordance with the Articles, all Directors will stand for election at the AGM, as they were all appointed during the year.

Division of responsibilities

Chairman and Chief Executive

The division of responsibilities between the Chairman and Chief Executive has been agreed and approved by the Board. A summary of the main responsibilities of each role is available on the Company's website (www.bonmarcheplc.co.uk).

Senior Independent Director

Ishbel Macpherson is the Senior Independent Director.

Non-executive Directors

The Non-executive Directors' letters of appointment set out their duties and the level of commitment expected. Non-executive Directors are appointed for an initial three year term with typical tenure expected to be two three year terms, subject to re-election by shareholders. They are expected to commit at least 15½ days per annum to their role. Key elements of the Non-executive Directors' roles are:

- Strategy – constructively challenge and contribute to the development of strategy;
- Performance – scrutinise the performance of management in meeting agreed goals and objectives and monitor reporting of performance;
- Risk – to satisfy themselves in relation to the integrity of financial information and that financial controls and systems of risk management are robust; and
- People – determine appropriate levels of remuneration of Executive Directors and oversee the appointment of Executive Directors and succession planning.

Development, information and support

The Directors are encouraged to attend training and continuing professional development courses as required. Updates will be given to the Board on developments in corporate governance and regulations as appropriate.

The Finance Director, Stephen Alldridge, is also the Company Secretary and supports the Chairman in ensuring that the Board members receive the information and support they need in order to carry out their roles.

An induction programme will be provided for any Directors joining the Board. This applied to the new Non-executive Directors who joined in October 2013 and consisted of briefings from the Chairman, Chief Executive, Finance Director and the Group's advisers, and visits to the head office, distribution centre and stores.

Conflicts of interest

Under the Articles, the Directors may authorise any actual or potential conflict of interest a Director may have, and in connection with this may impose any conditions on the Director that are felt to be appropriate. Directors are not able to vote in respect of any contract, arrangement or transaction in which they have a material interest and in such circumstances they are not counted in the quorum.

A process has been developed to identify any of the Directors' potential or actual conflicts of interest. This includes declaring any potential new conflicts before the start of each Board meeting.

Performance evaluation

A formal performance evaluation has not been carried out during the year as three of the Board members are new to the Company. There needs to be a period of time over which the Board operates together before any meaningful assessment can be made. In December the Board engaged Clare Chalmers of IDDAS to survey all of the Directors about their expectations on how the Board should operate. She delivered her report to the December Board meeting. The Board intends to carry out a formal evaluation during 2015.

	Board meetings	Audit Committee meetings	Remuneration Committee meetings
Tim Mason	6/6	–	–
Ishbel Macpherson	6/6	2/2	3/3
John Coleman	6/6	2/2	3/3
Beth Butterwick	6/6	–	–
Stephen Alldridge	6/6	–	–

Note:
The number of meetings attended is reported out of the number of the meetings that the Director was eligible to attend.

How the Board operates

The Board meets at regular intervals and has met six times between the Company's admission to AIM and 13 June 2014. Directors also have ongoing contact on a variety of issues between formal meetings. Directors are encouraged to question and voice any concerns they may have on any topic put to the Board for debate.

The Board is supported in its work by Board Committees which are responsible for a variety of tasks delegated by the Board. Attendance at Board and Committee meetings by the Directors is shown above.

In relation to the Audit and Remuneration Committee meetings, Tim Mason, the Chairman, attends as an observer.

In addition, a Trading Board meets on a regular basis. This consists of the Chief Executive, who chairs the Trading Board, Finance Director, Buying Director, Merchandise Director, Retail Director and the Multi-channel and Marketing Director. The responsibility of the Trading Board is to oversee the day-to-day management of the Group's business, implement the strategy and policies of the Board and review progress and financial performance against approved budgets and plans. The proceedings of the Trading Board are reported to the Board by the Chief Executive.

What the Board did during the year

There are a number of standing and routine items included for review on each Board agenda. These include the Chief Executive's report, financial reports, consideration of reports from the Board Committees, proposed new store openings and investor relations updates. In addition, there are periodic presentations and updates from members of the Trading Board in relation to strategic developments or operational matters.

The Board Committees

Membership of the two Board Committees is comprised of the two independent Non-executive Directors. As such they are compliant with both the UK and QCA Codes.

Each Board Committee has approved Terms of Reference setting out their responsibilities. The Terms of Reference were approved by the Board during the year. These are available on the Company's website www.bonmarcheplc.co.uk. Details of the operation of the Board Committees are set out in their respective reports below. All of the Board Committees are authorised to obtain, at the Company's expense, professional advice on any matter within their Terms of Reference and to have access to sufficient resources in order to carry out their duties.

The Group is controlled by BM Holdings S.à r.l. which owns 52.4% of the Company's issued share capital. BM Holdings S.à r.l.'s ultimate parent company is a private equity investment fund advised by an affiliate of Sun Capital Partners, Inc.

Upon admission to AIM, the Company entered into a Relationship Agreement with BM Holdings S.à r.l., Investec and Sun Capital Partners Management V, LLC. The Relationship Agreement exists to ensure that the Group is capable of carrying on its business independently of its parent group, and that transactions and relationships between the Group and the Parent Company's group are conducted on an arm's length commercial basis such that the Company continues to satisfy the appropriateness criteria for trading on AIM. The Relationship Agreement also regulates the provision of any consulting services by Sun Capital Partners Management V, LLC to the Company.

Accountability

Risk management and internal control systems

Introduction

In the period leading up to the Group's Initial Public Offering in November 2013, management reviewed its risk management and internal control policies and procedures, to ensure that the framework was appropriate for a publicly owned company.

Risk governance

Effective risk management is key to the long-term success of the business and it requires an appropriate risk governance structure. The governance structure and processes should be appropriate to the size and complexity of the business, its culture, its risk appetite and tolerance.

Bonmarché's risk governance framework is based on its organisational structure, to make use of established lines of accountability.

The Board has delegated specific duties in relation to risk management and internal control to the Audit Committee. The Audit Committee periodically reviews the adequacy and effectiveness of the risk management framework.

Executive Directors and senior management are responsible for managing the risk framework and internal control system, for reviewing the framework to identify opportunities for improvement, and for reporting its effectiveness to the Audit Committee.

Board
- provides oversight, direction and sets the tone
- receives reports from Audit Committee

Audit Committee
- endorses risk appetite, tolerance and policy
- reviews risk profile and reporting

Executives and senior management
- manage and identify risk
- support risk culture

Employees
- comply with risk procedures
- identify risks

Risk management framework

The risk management framework sets out the policies and procedures for managing risk. It is designed to allow:

- risk to be assessed and managed in a balanced and proportionate manner;
- the implementation of effective controls;
- clear understanding of roles and responsibilities in relation to risk management;
- continuous improvement of risk management and controls; and
- consistent application of procedures as a result of having defined policies and procedures in place.

Key features of the risk management and internal control systems

The key areas which the framework details, are:

- risk governance environment (as described above);
- framework foundations, incorporating a Risk Management Policy, scope, risk appetite and descriptions of roles and responsibilities; and
- framework arrangements, incorporating risk management procedures to gather and document risk information relating to new risks, progress on any mitigations requiring action, changes to current risks or mitigations and changes to the overall risk profile.

A Risk Register is an important feature of our risk framework arrangements, as it documents the identification, assessment and treatment of risks, and any mitigations requiring action.

Principal risks and uncertainties

The Directors have identified the risks and uncertainties facing the Group, management of which are considered key to the successful implementation of strategy and long-term growth. The risks and how we mitigate them, are described on pages 22 to 23.

Financial and business reporting

The Board seeks to present a fair, balanced and understandable assessment of the Group's position and prospects in all half year, full year and any other price-sensitive reports and other information published externally. The Board receives a number of reports, including those from the Audit Committee, to enable it to monitor and clearly understand the Group's financial position. A new Disclosure Policy was put in place during the year to enhance the process for ensuring that price-sensitive information is identified effectively and all communications with the market are released at the appropriate times.

Anti-fraud, bribery and corruption

The Company aims to promote honest and ethical conduct. To support this, it has in place an anti-bribery policy which aims to ensure compliance with the Bribery Act 2010.

Whistleblowing

During the year, the Company put in place a written policy and formal procedures to ensure that colleagues could confidentially raise concerns about possible improprieties. This included guidance on raising the concerns internally, and providing external, independent whistleblowing advice from the charity Public Concern at Work.

Relations with shareholders

The Board is committed to maintaining an ongoing communication with the Company's shareholders. The Directors support communications with institutional and private shareholders and encourages their participation at the Company's Annual General Meeting.

The Company uses its corporate website (www.bonmarcheplc.co.uk) to communicate with shareholders. This contains the latest announcements, press releases, published financial information, and other information about the Company.

The Annual Report and Accounts is a key communication document and is also available on the Company's website.

This year's Annual General Meeting (AGM) of the Company will be held on 31 July 2014 at the Company's Registered Office. The Notice of AGM is available on the Company's website at www.bonmarcheplc.co.uk. The Notice of AGM will be sent out at least 20 working days before the meeting. Separate resolutions are provided in relation to each issue so that they can be given proper consideration. Proxy votes are counted and the level of proxies lodged on each resolution reported after it has been dealt with by show of hands.

AUDIT COMMITTEE REPORT

Ishbel Macpherson
Audit Committee Chairman

Dear shareholder,
On behalf of the Board, I am pleased to present the first Audit Committee report since the Company listed on AIM in November 2013. The new Committee has the required membership, independence and experience to remain objective and to support the management of an AIM listed company.

The Audit Committee is responsible for ensuring that the financial performance of the Group is properly reported and reviewed. Its role includes monitoring the integrity of the financial statements (including annual and interim accounts and results announcements), reviewing internal control and risk management systems, reviewing any changes to accounting policies, reviewing and monitoring the extent of the non-audit services undertaken by external auditors and advising on the appointment of external auditors.

The Committee has developed an agenda which will enable it to review those areas of responsibility and provide oversight of management and external auditors. In particular, in the forthcoming year it will examine the risk and internal control framework to assess the adequacy of the controls the Company has established around financial and business processes. The systems the Company had in place as it moved from a private company to an AIM listed entity were sound. Our agenda for the year is to keep these under review and work with management and the Board to ensure that we maintain a robust control framework.

As a Committee, we intend to comply with best practice as advised by various corporate governance bodies, where practical and appropriate for a company of Bonmarché's size and maturity. In the year under review non-audit fees paid to the auditor were greater than the audit fee. This was as a result of the auditors' involvement in the Company's IPO. In future years it is the policy of the Committee that this will not be the case, other than in circumstances where the particular knowledge of the auditors or the urgency of the need for assistance best places them to perform the work required. In all circumstances, this would only be with the consent of the Committee after careful consideration.

Finally, I'd like to thank management and the Group's auditors on behalf of the Committee for the thorough induction and ongoing co-operation in providing the Committee with the necessary information and assistance during the period.

Ishbel Macpherson
Chairman of the Audit Committee
13 June 2014

Members of the Audit Committee
The Committee consists of two independent Non-executive Directors: me (as Chairman) and John Coleman. The Chairman of the Company, Tim Mason attends as an observer. Beth Butterwick and Stephen Alldridge may attend the Committee meetings by invitation.

The Audit Committee met twice in the year.

The Board is satisfied that I, as Chairman of the Committee, have recent and relevant financial experience. A representative from Prism Cosec acts as Secretary to the Committee. I report the Committee's deliberations at the next Board meeting and the minutes of each meeting are made available to all members of the Board.

Duties
The main duties of the Audit Committee are set out in its Terms of Reference, which are available on the Company's website (www.bonmarcheplc.co.uk), and include the requirements:

- to monitor the integrity of the financial statements of the Group, including its annual and half year reports;
- to review and challenge where necessary any changes to, and the consistency of, accounting policies, whether the Group has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditors, the going concern assumption and all material information presented with the financial statements;
- to keep under review the effectiveness of the Group's internal control systems (including financial, operational and compliance controls and risk management) and to review and approve the statements to be included in the Annual Report concerning internal controls and risk management;
- to assess regularly the need for an internal audit function;
- to consider and make recommendations to the Board, to be put to shareholders for approval at the Annual General Meeting, in relation to the appointment, re-appointment and removal of the Company's external auditors;
- to ensure that at least every ten years the audit services contract is put out to tender;

- to oversee the relationship with the external auditors including approval of their remuneration, approval of their terms of engagement, assessment annually their independence and objectivity taking into account relevant professional and regulatory requirements and the relationship with the auditors as a whole, including the provision of any non-audit services;
- to meet regularly with the external auditors and at least once a year, without any Executive Director or other member of management present to discuss any issues arising from the audit;
- to review and approve the annual audit plan and review the findings of the audit; and
- to review the Group's arrangements for its employees and contractors to raise concerns in confidence about possible improprieties in financial reporting or other matters, the Group's procedures for detecting fraud and the Group's anti-bribery procedures.

Principal activities during the year

The main items of business considered by the Audit Committee during the period between AIM admission and the year-end included:

- review of the financial statements and Annual Report;
- consideration of the external audit report;
- Audit Committee membership;
- going concern review;
- review of the audit plan;
- review of suitability of the external auditors;
- review of the risk management and internal control systems;
- assessment of the need for an internal audit function;
- adoption of a policy on non-audit fees;
- review and recommendation to the Board on a Whistleblowing policy; and
- review and recommendation to the Board on procedures to comply with the UK Bribery Act.

Role of the external auditor

The Audit Committee monitors the relationship with the external auditors, PricewaterhouseCoopers LLP, to ensure that auditor independence and objectivity are maintained. As part of its review the Committee monitors the provision of non-audit services by the external auditors. The breakdown of fees between audit and non-audit services is provided on page 50. The non-audit fees all relate to advisory work for the IPO and audit of the financial statements for the half year prior to the IPO. The Audit Committee is satisfied as to the necessity for the auditors to carry out this work, and that it did not impair their independence or objectivity.

The Audit Committee has established a policy going forward that limits the payment for non-audit services to the auditors to a maximum of 50% of the audit fee in any one year, other than in circumstances where there is a compelling commercial or other reason to involve the auditors to a greater extent and then only with the prior consent of the Audit Committee.

The Audit Committee also assesses as the auditors' performance. Having reviewed the auditors' independence and performance the Audit Committee recommends that PricewaterhouseCoopers LLP be re-appointed as the Company's auditors at the next AGM.

Consistent with the Auditing Practices Board, PricewaterhouseCoopers LLP audit partners serve for a maximum of five years on listed clients.

Internal audit

At present the Group does not have an internal audit function. The business has reviewed the need for an internal audit function, and concluded that it currently derives assurance as to the adequacy and effectiveness of internal controls and risk management procedures without one.

Monitoring and control is achieved using a range of preventative and detective controls. Formal policies and procedures are in place for key financial and operational activities and a risk management framework has been introduced following the IPO. Management will continue to evaluate the need for additional assurance and where necessary, may consider using an outsourced service provider to undertake ad-hoc assessments. Policies, procedures and controls will be monitored on an ongoing basis, and the need for an internal audit function will be kept under review.

Audit process

The auditors prepare an audit plan for their review of the full year and half year financial statements. The audit plan sets out the scope of the audit, areas to be targeted and audit timetable. This plan is reviewed and agreed in advance by the Audit Committee. Following their review the auditors presented their findings to the Audit Committee for discussion. No major areas of concern were highlighted by the auditors during the year.

Whistleblowing

During the year the Audit Committee reviewed a formal whistleblowing policy which was adopted by the Board. The policy sets out a formal process by which an employee of the Group may, in confidence, raise concerns about possible improprieties in financial reporting or other matters. Whistleblowing reports will be reviewed on an annual basis by the Committee or more frequently should the need arise.

REMUNERATION COMMITTEE REPORT

John Coleman
Remuneration Committee Chairman

Dear shareholder,

This is the Company's first Directors' Remuneration Report since it listed on AIM in November 2013. The Remuneration Committee itself is new. It is our intention to adopt best practice amongst AIM-listed companies for remuneration reporting, which involves applying a number of the features of the directors' remuneration reporting regulations for main-market companies. In particular we will next year be providing a full future policy table with graphical scenario illustrations, a table showing a 'single total figure' of remuneration for each Director and an historical performance graph.

However, you will understand that the newly-listed plc inherited remuneration policies which, although entirely suited to a private equity portfolio company preparing itself for an IPO, may not be right for a listed plc with a new business strategy. For this reason, the Committee has embarked on a full review of the remuneration package, including annual bonus and share plans, for Executive Directors and other senior executives. Where required, we will seek members' approval for these plans. However, we will not be in a position to confirm our full future remuneration philosophy and policy until next year's report. At that time we will demonstrate, in line with best practice, how the remuneration plans align executive interests with those of shareholders and how they support the business strategy and link to the KPIs.

For the purpose of this report we are limiting the statement on future policy to a description of the remuneration arrangements for the 2014-15 financial year.

The Directors' remuneration in the pre-IPO company comprised a number of components that were described in the Admission Document. These are mostly carried over into the new financial year with some small changes.

Executive Directors' salaries have been increased by 15%. DC pension contributions and insured benefits as a percentage of salary are unchanged. The maximum bonus opportunity of 100% of salary for Executive Directors is unchanged, but the principal measure has been changed from EBITDA to profit before tax and exceptional items, as more suitable for a listed plc.

A year before the IPO, Executive Directors (and some other senior executives) were awarded substantial grants of restricted shares which vest in equal tranches over four years (first vesting January 2013). There are no performance-related vesting conditions – the grants were designed by the private equity owners to provide an incentive to maximise the flotation price and maximise shareholder returns over the period following the IPO. Any dividends are rolled up and paid at vesting. Given the executives' continued interest in these restricted shares, it is neither necessary nor appropriate to add further long-term incentives this coming year, although we will be developing plans for the longer term for all senior executives.

Full details of the current package are provided in the Statement of implementation of remuneration policy on page 37.

At the forthcoming AGM, we will be seeking shareholders' approval for the adoption in due course of SAYE and SIP schemes, which will enable the Company to offer share participation to substantially all of its employees on tax-efficient terms through HMRC approved plans.

I look forward very much to meeting shareholders, at the right time, to explain our remuneration philosophy and future policy and to receive your views.

John Coleman
Chairman of the Remuneration Committee
13 June 2014

Members of the Remuneration Committee
The Committee consists of two independent Non-executive Directors. John Coleman is the Chairman and Ishbel Macpherson also serves on the Committee. The Remuneration Committee met twice in the year.

The Chairman, Tim Mason, attends as an observer. Beth Butterwick and Stephen Alldridge may attend the Committee meetings by invitation.

Duties
The main duties of the Remuneration Committee are set out in its Terms of Reference, which are available on the Company's website (www.bonmarcheplc.co.uk), and include:

- setting the remuneration policy for the Executive Directors and the Company's Chairman taking into account relevant legal and regulatory requirements, the provisions of the UK Corporate Governance Code and other guidance such as that issued by the Association of British Insurers and the National Association of Pension Funds;
- within the agreed policy determine the total individual remuneration package of each Executive Director and the Chairman;
- recommend and monitor the level and structure of remuneration for senior management;
- to help it fulfil its remit, to have authority to appoint remuneration consultants and commission any reports or surveys;
- approve the design of and determine the targets for any schemes of performance-related remuneration and approve any Group-wide share schemes;
- consider whether the Directors should be eligible for annual bonuses and, if so, to consider the upper limits for such bonuses;
- consider whether the Directors should be eligible for benefits under long-term incentive schemes;
- agree the policy for authorising claims for expenses from the Executive Directors and Chairman; and
- ensure that contractual terms on termination, and any payments made, are fair to the individual, and the Group and that failure is not rewarded and that the duty to mitigate loss is fully recognised.

Principal activities during the year

The main items of business considered by the Remuneration Committee during the period between AIM admission in November 2013 and the year-end included:

- establishing a framework for executive remuneration;
- review and approval of the FY14 bonus;
- review and approval of the FY15 pay awards;
- review and approval of the bonus scheme for FY15;
- appointment of independent remuneration consultants to consider a number of matters; and
- put in place the arrangements necessary to facilitate the possible future introduction of SAYE and SIP schemes.

Advisers to the Remuneration Committee

MM&K provide advice to the Committee regarding matters of remuneration, and they have no other relationship with the Group. DLA Piper provides legal services to the Group including in relation to employment matters.

Annual report on remuneration

Single figure of remuneration for each Director

12 months to 29 March 2014

	Base salary £'000	Benefits in kind[1] £'000	Annual bonus £'000	Total emoluments £'000	Pension contribution/ allowance £'000	LTI vesting in year[2] £'000	Single total figure of remuneration £'000
Executive Directors							
Beth Butterwick	268	20	234	522	51	–	573
Stephen Alldridge	173	20	144	337	33	–	370
Non-executive Directors							
Tim Mason[3]	–	–	–	–	–	–	–
Ishbel Macpherson[4]	25	–	–	25	–	–	25
John Coleman[4]	25	–	–	25	–	–	25
Total	**491**	**40**	**378**	**909**	**84**	**–**	**993**

Notes

1. Includes car allowance of £17,654 for Beth Butterwick and £13,200 for Stephen Alldridge.
2. No LTI vested on the basis of a performance period ending in the year.
3. Appointed 17 October 2013. The Group did not make any payments to Mr Mason in respect of his remuneration. It pays a fee of £100,000 per annum to Sun Capital Partners Management V, LLC in respect of this.
4. Appointed 14 October 2013.

15 months to 30 March 2013

	Base salary £'000	Benefits in kind[1] £'000	Annual bonus £'000	Total emoluments £'000	Pension contribution/ allowance £'000	LTI vesting in year[2] £'000	Single total figure of remuneration £'000
Executive Directors							
Beth Butterwick	245	23	190	458	25	–	483
Stephen Alldridge	175	24	124	322	26	–	348
Total	**420**	**47**	**314**	**780**	**51**	**–**	**831**

Notes

1. Includes car allowance of £17,550 for Beth Butterwick and £14,977 for Stephen Alldridge.
2. On 18 October 2012 Beth Butterwick and Stephen Alldridge acquired restricted stock vesting over the following five years with no additional performance conditions (see share awards table on page 37).

Bonus payment for 2013-14

In the year 2013-14, the Executive Directors participated in a bonus plan based, principally, on improvement in EBITDA over the preceding year. The maximum payable was 100% of salary, which was not achieved.

2012 share ownership scheme

The Executive Directors participated in a share incentive scheme established by the selling shareholder, BM Holdings S.à r.l., prior to the IPO. This involved a single grant of restricted shares in October 2012, with shares vesting equally over five years, commencing on 20 January 2013. Details of the award are shown in the following table. The shares are held under a Restricted Share Agreement, which allows the proportion of any Company distributions relating to the vested shares to be paid to scheme participants. Distributions in respect of any unvested shares are held in an escrow account until the shares vest. No new share-based grants were made to Executive Directors in 2013-14.

Share Awards table

All awards were made prior to admission to the AIM market and were originally issued by the previous parent company, Bluebird UK Topco Limited. Following a restructure which took place in September 2013, the shares were exchanged for shares in the new company, Bonmarché Holdings Limited. These were re-designated as A ordinary shares of 1p when Bonmarché Holdings Limited re-registered as a plc and listed on AIM. The shares were converted at a ratio that as far as possible ensured there was no change in the proportion of Company ownership for any individual.

Director	Date of award	Vesting date end	Shares issued	Unvested shares at 30 March 2013*	Vested in the year	Unvested shares at 29 March 2014
Beth Butterwick	18 Oct 2012	20 Jan 2017	1,260,000	1,008,000	252,000	756,000
Stephen Alldridge	18 Oct 2012	20 Jan 2017	507,500	406,000	101,500	304,500

* The unvested shares at 30 March 2013 are shown as if the restructuring referred to above had already taken place, and they had already been converted to new shares in Bonmarché Holdings plc.

Directors' interests in the share capital of the Company as at the date of this report

Director	Number of ordinary shares*	Percentage of issued share capital
Beth Butterwick	1,260,000	2.52
Stephen Alldridge	507,500	1.01
Tim Mason	–	–
Ishbel Macpherson	25,000	0.05
John Coleman	–	–

* Including unvested restricted shares.

The Company currently does not have any directors' shareholding guidelines in place for Executive Directors or other senior executives. These will be considered as part of the remuneration review in the coming year.

Performance graph and table

As the Company only listed in November 2013, no historical performance graph and table is included this year.

Statement of implementation of remuneration policy for 2014-15

The Directors' remuneration pre-IPO comprised a number of components that were described in the Admission Document. These are mostly carried over into the new financial year with some small changes. The Remuneration Committee is carrying out a full review of remuneration policy and will report its new future policy in next year's report.

Base salary – The basis of for salary determination is unchanged. Salaries are reviewed on 1 October each year. The 2014-15 salaries for Executive Directors are set out below:

Beth Butterwick	Chief Executive	£270,300 p.a.
Stephen Alldridge	Finance Director	£183,600 p.a.

Pension – The Executive Directors are members of a Group personal pension plan to which the Company contributes 20% of the individual Executive Director's salary. To avoid excessive taxation above the Government's pension allowance levels an individual may opt to take an amount of the contribution as a non-pensionable, non-bonusable cash allowance from which the Company deducts any employer national insurance charges.

Benefits in Kind – The type and level of benefits in relation to salary remain unchanged from last year.

Annual bonus – For 2014-2015, the Executive Directors are entitled to an annual bonus to a maximum of 100% salary. The on-target payment is 50% of salary. Payment is dependent on achievement of a target of Group profit before tax and exceptional items, with a minimum payment of 5% at 95% of target and a maximum payment at target profit plus 15%. No part of any award will be deferred or subject to clawback.

Long-term incentive and share plans – Apart from the time-based vesting of the 2014 tranche of the 2012 restricted share award, the Executive Directors are not eligible for awards under any long-term plan.

Chairman and Non-executive Directors' fees – The independent Non-executive Directors receive a fee for their services and no other form of remuneration. Their fees are subject to review each October. No Director is present when their own remuneration is discussed. The Chairman receives no payment from the Group, but a fee of £100,000 per annum is payable to Sun Capital Partners Management V, LLC in respect of his services. There are no review provisions.

The current fees are:

Tim Mason	Non-executive Chairman	£100,000 p.a.
John Coleman	Non-executive Director	£55,000 p.a.
Ishbel Macpherson	Non-executive Director	£55,000 p.a.

Consideration by the Directors of matters relating to Directors' remuneration

The Remuneration Committee was newly formed following the IPO in November 2013. Its members are John Coleman (Committee Chairman) and Ishbel Macpherson. The Committee terms of reference are available on the Company website. The Committee is taking advice from MM&K Limited, an independent remuneration consultancy.

Directors' Remuneration Policy

As the Remuneration Committee is reviewing the future remuneration policy in light of the Company's newly listed status and business strategy, we are not publishing a Future Policy Table this year and, therefore, no graphical illustration of future policy. We expect to include a full table in next year's report, plus a statement of how the new policy will be applied to recruits. For now, shareholders are referred to the Statement of Implementation of Remuneration Policy for 2014-15 above on page 37.

Service agreements and termination payments

Details of the Executive Directors' service agreements are set out below.

Director	Date of contract	Unexpired term	Notice period by Company	Notice period by Director
Beth Butterwick, Chief Executive	19 Sep 2011	Rolling contract	12 months	12 months
Stephen Alldridge, Finance Director	3 Mar 2003	Rolling contract	12 months	12 months

There are no specific provisions under which Executive Directors are entitled to receive compensation upon early termination, other than in accordance with the notice period. On termination of an Executive Director's service contract, the Remuneration Committee will take into account the departing Director's duty to mitigate his loss when determining the amount of any compensation.

Tim Mason was appointed as a Non-executive Director and Chairman of the Company on 17 October 2013. Mr Mason is a representative of Sun Capital Partners Management V, LLC, and his appointment was made pursuant to a consultancy agreement dated 28 October 2013 between the Company and Sun Capital Partners Management V, LLC. The appointment is for a period of three years (subject to re-election at the next Annual General Meeting) and thereafter is terminable on three months' notice by either the Company, Mr Mason or Sun Capital Partners Management V, LLC. Mr Mason will provide his services for up to 30 days a year.

The Non-executive Directors do not have service contracts, but serve under letters of appointment, and a consultancy agreement in respect of the Chairman. Each appointment is for up to three years and shareholders may vote on re-appointment at annual general meetings. The terms and conditions under which the Non-executive Directors are appointed can be found on the Company's website www.bonmarcheplc.co.uk.

The remuneration payable to Non-executive Directors is decided upon by the Chairman and Executive Directors.

Non-executive Director	Date of appointment	Date of engagement letter	Expiry of current term
Tim Mason, Chairman	17 Oct 2013	28 Oct 2013	16 Oct 2016
Ishbel Macpherson	14 Oct 2013	9 Oct 2013	13 Oct 2016
John Coleman	14 Oct 2013	9 Oct 2013	13 Oct 2016

The appointments for each Non-executive Director may be terminated by either party giving three months' notice. There are no arrangements under which any Non-executive Director is entitled to receive compensation upon the early termination of his appointment.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BONMARCHÉ HOLDINGS PLC

Report on the financial statements

Our opinion

In our opinion:

- the financial statements, defined below, 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 profit and cash flows for the 52 week period 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.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The Group financial statements and Parent Company financial statements (the 'financial statements'), which are prepared by Bonmarché Holdings plc, comprise:

- the consolidated balance sheet as at 29 March 2014;
- the Company balance sheet as at 29 March 2014;
- the consolidated income statement and consolidated statement of comprehensive income for the 52 week period then ended;
- the consolidated statement of cash flows for the year then ended;
- the consolidated statements of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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).

In applying the financial reporting framework, the Directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ('ISAs (UK & Ireland)'). 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 and financial statements (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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion 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.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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 no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors

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 ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Arif Ahmad

Arif Ahmad
(Senior Statutory Auditor)
for and on behalf of
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds

13 June 2014

CONSOLIDATED INCOME STATEMENT

	Note	**52 weeks ended 29 March 2014 £'000**	Period ended 30 March 2013 £'000
Revenue		**164,294**	175,958
Cost of sales		**(124,516)**	(147,094)
Gross profit		**39,778**	28,864
Administrative expenses		**(24,648)**	(24,238)
Distribution costs		**(6,914)**	(8,252)
Gain on bargain purchase	32	**–**	17,008
Operating profit	5a	**8,216**	13,382
Analysed as:			
Operating profit before exceptional items		**11,466**	28
Exceptional items	4	**(3,250)**	13,354
Finance income	7	**–**	1
Finance costs	7	**(231)**	(1,320)
Profit before taxation		**7,985**	12,063
Taxation	8	**(2,419)**	(2,510)
Profit for the period		**5,566**	9,553

Earnings per share (pence)			
Basic	9	**23**	7,220
Diluted	9	**22**	7,074

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	52 weeks ended 29 March 2014 £'000	Period ended 30 March 2013 £'000
Profit for the period	**5,566**	9,553
Other comprehensive (loss)/income:		
Items that may be reclassified subsequently to profit or loss:		
Cash flow hedges		
– fair value movements in other comprehensive income	**(4,629)**	1,955
– transfer from cash flow hedge reserve to profit or loss	**224**	(359)
Tax on cash flow hedges	**1,029**	(383)
Other comprehensive (loss)/income for the period	**(3,376)**	1,213
Total comprehensive income for the period	**2,190**	10,766

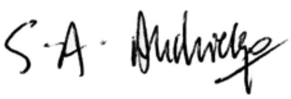
CONSOLIDATED BALANCE SHEET

	Note	As at 29 March 2014 £'000	As at 30 March 2013 £'000
Non-current assets			
Property, plant and equipment	11	**9,086**	7,173
Intangible assets	12	**3,259**	2,834
Deferred tax asset	20	**918**	28
Total non-current assets		**13,263**	10,035
Current assets			
Inventories	13	**22,131**	20,183
Trade and other receivables	14	**13,605**	13,452
Cash and cash equivalents	15	**8,222**	8,446
Derivative financial instruments	19	**–**	1,596
Total current assets		**43,958**	43,677
Total assets		**57,221**	53,712
Current liabilities			
Trade and other payables	16	**(34,867)**	(30,017)
Borrowings	18	**(75)**	(6,023)
Current taxation payable		**(1,431)**	(2,680)
Derivative financial instruments	19	**(2,809)**	–
Total current liabilities		**(39,182)**	(38,720)
Non-current liabilities			
Other payables	17	**(3,175)**	(2,815)
Borrowings	18	**(322)**	–
Deferred tax liabilities	20	**(524)**	(999)
Total non-current liabilities		**(4,021)**	(3,814)
Total liabilities		**(43,203)**	(42,534)
Net assets		**14,018**	11,178

	Note	As at 29 March 2014 £'000	As at 30 March 2013 £'000
Equity			
Share capital	22	**500**	132
Share premium	23	**1,496**	–
EBT reserve	24	**(1,187)**	–
Cash flow hedge reserve		**(2,163)**	1,213
Retained earnings		**15,372**	9,833
Total equity		**14,018**	11,178

The financial statements of Bonmarché Holdings plc on pages 40 to 64 were approved by the Board of Directors on 13 June 2014 and were signed on its behalf by:

Beth Butterwick
Chief Executive



Stephen Alldridge
Finance Director

Company registration number: 08638336

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Share capital £'000	Share premium £'000	EBT reserve £'000	Cash flow hedge reserve £'000	Retained earnings £'000	Total equity £'000
Balance at incorporation		–	–	–	–	–	–
Profit for the period		–	–	–	–	9,553	9,553
Cash flow hedges							
– fair value movements in other comprehensive income		–	–	–	1,955	–	1,955
– transfer from cash flow hedge reserve to profit or loss		–	–	–	(359)	–	(359)
Tax on cash flow hedges		–	–	–	(383)	–	(383)
Total comprehensive income for the period		–	–	–	1,213	9,553	10,766
Share-based payment expense	21	–	–	–	–	280	280
Issue of share capital	22	132	–	–	–	–	132
Balance at 30 March 2013		**132**	**–**	**–**	**1,213**	**9,833**	**11,178**
Profit for the period		–	–	–	–	5,566	**5,566**
Cash flow hedges							
– fair value movements in other		–	–	–	(4,629)	–	**(4,629)**
– transfer from cash flow hedge reserve to profit or loss		–	–	–	224	–	**224**
Tax on cash flow hedges		–	–	–	1,029	–	**1,029**
Total comprehensive income for the period		**–**	**–**	**–**	**(3,376)**	**5,566**	**2,190**
Share-based payment charge	21	–	–	–	–	390	**390**
Payment for shares	23	–	230	–	–	–	**230**
Share premium cancellation	23	–	(230)	–	–	230	**–**
Bonus issue of shares	22	362	–	–	–	(362)	**–**
Share capital issued to EBT	22	6	1,496	(1,187)	–	–	**315**
Equity dividends paid	10	–	–	–	–	(285)	**(285)**
Balance at 29 March 2014		**500**	**1,496**	**(1,187)**	**(2,163)**	**15,372**	**14,018**

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	52 weeks ended 29 March 2014 £'000	Period ended 30 March 2013 £'000
Cash flows from operating activities			
Cash generated from operations	25	**14,378**	16,933
Interest paid		**(891)**	(660)
Tax paid		**(4,005)**	–
Net cash generated from operating activities		**9,482**	16,273
Cash flows from investing activities			
Purchases of property, plant and equipment		**(3,623)**	(1,213)
Purchases of intangible assets	12	**(1,041)**	(210)
Acquisition of subsidiary, net of cash acquired	32	**–**	(11,899)
Interest received		**–**	1
Net cash used in investing activities		**(4,664)**	(13,321)
Cash flows from financing activities			
Proceeds from the issue of ordinary shares	23	**230**	132
Dividends paid	10	**(285)**	–
Proceeds from loan from a parent company		**–**	9,890
Repayments of loan from a parent company		**(5,385)**	(4,505)
Repayments of borrowings		**–**	(5,000)
Receipt of borrowings		**–**	5,000
Payment of borrowing arrangement fees		**–**	(23)
Proceeds from finance lease arrangements		**438**	–
Capital element of finance lease rental payments		**(40)**	–
Net cash (used in)/generated from financing activities		**(5,042)**	5,494
Net (decrease)/increase in cash and cash equivalents		**(224)**	8,446
Cash and cash equivalents at beginning of the period		**8,446**	–
Cash and cash equivalents at the end of the period		**8,222**	8,446

Reconciliation of net cash flow to movement in net cash

	Note	52 weeks ended 29 March 2014 £'000	Period ended 30 March 2013 £'000
Opening net cash		**2,423**	–
Net cash (outflow)/inflow from activities		**(224)**	8,446
Decrease/(increase) in debt financing		**5,626**	(6,023)
Movement in net cash		**5,402**	2,423
Closing net cash	26	**7,825**	2,423

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

Basis of accounting

General information

Bonmarché Holdings plc (the 'Company') is a company incorporated and domiciled in the UK (company registration number 08638336). The address of the registered office is Jubilee Way, Grange Moor, Wakefield, West Yorkshire WF4 4SJ. The Company and its subsidiaries' (collectively, the 'Group') principal activity is as a multi-channel retailer of high quality, affordable womenswear and accessories.

Bonmarché Holdings plc was incorporated on 5 August 2013 as Bonmarché Holdings Limited and was a majority owned subsidiary of BM Holdings S.à r.l. On 26 September 2013, Bonmarché Holdings Limited acquired the share capital of Bluebird UK Topco Limited from BM Holdings S.à r.l. and other minority shareholders in a share-for-share exchange. Bonmarché Holdings Limited re-registered as a public limited company on 1 November 2013 and listed on the AIM market of the London Stock Exchange on 20 November 2013.

The share-for-share exchange transaction between related parties under a capital reorganisation does not fall into the scope of IFRS 3 'Business combinations' and as such no goodwill resulted, and no new fair value measurements were recorded. As permitted, the consolidated financial statements of Bonmarché Holdings plc have been prepared as if the Company existed for the entire period presented. The values presented in the consolidated financial statements prior to the share-for-share exchange (26 September 2013) are therefore presented using the values from the consolidated financial statements of the previous holding company. Since the equity structure remained the same on the share-for-share exchange, the consolidated financial statements present the amounts in equity of the previous holding company, Bluebird UK Topco Limited, from its date of incorporation (13 January 2012) to the date of the share-for-share exchange (26 September 2013), and the new holding company, Bonmarché Holdings plc, from 26 September 2013.

The ultimate parent undertaking of Bonmarché Holdings plc is a private equity investment fund advised by an affiliate of Sun Capital Partners, Inc.

Basis of preparation

The Group's deemed transition date to International Financial Reporting Standards ('IFRS') is 13 January 2012, which was also the date of incorporation of Bluebird UK Topco Limited. The principles and requirements for first time adoption of IFRS are set out in IFRS 1. IFRS 1 allows certain exemptions in the application of particular standards to prior periods in order to assist companies with the transition process. The Group has not applied any of the optional exemptions under IFRS 1. These are the first financial statements prepared in accordance with IFRS.

The Group financial statements have been prepared on the going concern basis and in accordance with IFRS and IFRS Interpretations Committee ('IFRIC') interpretations, as adopted by the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The Group financial statements have been prepared under the historical cost convention, as modified for the revaluation of financial assets and financial liabilities at fair value through profit and loss. The Group financial statements are presented in thousands of Pounds Sterling ('£'000') except when otherwise indicated. Accounting policies have been consistently applied to all financial periods presented.

The preparation of the Group financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's reasonable knowledge of the amount, event or actions, actual results may differ from those estimates.

Accounting reference date

The accounting period of the Group ends on the Saturday falling nearest to 31 March each year. In some years this requires 53 weeks to be reported. The accounting periods in these financial statements are the period from 13 January 2012 (the date of incorporation of Bluebird UK Topco Limited) to 30 March 2013 and the 52 weeks to 29 March 2014.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and all its subsidiary undertakings.

A list of all the subsidiary companies can be found in note 10c of the Company financial statements.

The results of subsidiaries acquired are included in the consolidated income statement from the date control passes. They are de-consolidated from the date that control ceases. The Bonmarché Employee Benefit Trust ('EBT') is accounted for, and consolidated on the basis that the Parent Company has control. The assets, liabilities, income and expenses of the EBT are consolidated into the financial statements of the Company and the Group. Shares in the Company held by the EBT are included in the balance sheet at cost as a deduction from equity.

On consolidation, intercompany transactions, balances, income, expenses and unrealised gains on transactions between Group companies are eliminated.

Business combinations

All acquisitions are accounted for using the acquisition method. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at the fair values at the acquisition date. Acquisition-related costs are expensed as incurred. Where the consideration is lower than the fair value of the net assets of the subsidiary acquired, the gain on bargain purchase is recognised in profit and loss.

Segmental reporting

IFRS 8 'Operating segments' requires that operating segments are reported in a manner consistent with the internal reporting to the chief operating decision maker. The Board of Directors has been identified as the chief operating decision maker and consists of Executive Directors and Non-executive Directors.

Revenue

a) Retail

The Group operates a chain of retail outlets for selling clothing products. Sales of goods are recognised when a Group entity sells a product to a customer. Retail sales are usually for cash, or paid for by credit card.

It is the Group's policy to sell its products to the retail customer with a right to return within 28 days.

b) Internet

Revenue from the provision of the sale of goods on the internet is recognised at the point that the risks and rewards of the inventory have passed to the customer, which is the point of delivery. Transactions are settled by credit or payment card.

It is the Group's policy to sell its products to the internet customer with a right to return within 14 days of receipt, in addition to any rights customers may have pursuant to the distance selling regulations.

Accumulated experience is used to estimate and provide for the return of goods from retail and internet customers at the time of sale.

Exceptional items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide clearer understanding of the underlying financial performance of the Group. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

Exceptional items that are excluded from the Group's underlying results are costs of restructuring acquired businesses and gains made on acquiring the assets of a business combination for less than market value (bargain purchase), impairment of non-current assets, and the impact of one-off events such as costs relating to admission to a stock exchange.

Finance costs

Finance costs are accounted for using an effective interest rate method.

Share-based payments

The Company has issued equity-settled share-based payments to certain employees, as part of an incentivisation programme.

The equity instruments are valued at fair value at the date of grant. The fair value is expensed on a straight-line basis over each vesting period, with a corresponding increase to equity. The fair value is adjusted to reflect the Company's estimate of shares that will eventually vest, taking into account service conditions. At the end of each reporting period, the Group revises its estimates of the number of shares that are expected to vest based on the non-market vesting conditions. It recognises the impact of any such revisions in the consolidated income statement with a corresponding adjustment to equity.

Current and deferred tax

The tax expense for the period comprises current and deferred tax, and any adjustments to prior period estimates. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Tax liabilities are recorded in accordance with applicable tax laws and interpretations at the time financial statements are approved. Where the relevant law or interpretation is uncertain, tax credits are only recognised when clearance has been obtained from the relevant authorities.

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 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 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. 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 determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities.

1 Accounting policies continued

Dividends
Final dividends are recognised in the period in which they are approved by shareholders. Interim dividends are recognised in the period in which they are paid.

Intangible assets
Intangible assets purchased separately are capitalised at cost and amortised on a straight-line basis over their useful economic life. Intangible assets acquired through a business combination are initially measured at fair value and amortised on a straight-line basis over their useful economic life. Fair value of the acquired intangible assets is calculated based on the estimated future benefits the Group will derive from the asset acquired, discounted at an appropriate Weighted Average Cost of Capital ('WACC'). The useful economic lives used are as follows:

Software – 5 years
Brands – 10 years
Customer relationships – 10 years

Property, plant and equipment
The values of property, plant and equipment are stated at historic purchase cost less accumulated depreciation and any accumulated impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided on all property, plant and equipment, at rates calculated to write off the cost, less estimated residual value, of the property, plant and equipment over their anticipated useful lives at the rates shown below on a straight-line basis:

Leasehold land and buildings	over the lease term
Plant and equipment	2-10 years
Motor vehicles	4-5 years

Plant and equipment assets that are not yet in use are not depreciated until the asset has been brought into use.

Residual values, remaining useful economic lives and depreciation periods and methods are reviewed annually and adjusted if appropriate. The carrying value of property, plant and equipment is reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

Impairment of assets
Assets that are subject to amortisation or depreciation are tested for impairment annually or whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels, being individual stores for the Group, for which there are separately identifiable cash flows (CGUs) discounted at an appropriate rate.

Inventories
Inventories are stated at the lower of cost and net realisable value and consist of finished goods held for resale. Cost is based on purchase price using the weighted average cost method. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolescence, markdown and shrinkage.

Software costs
Development costs that are directly attributable to identifiable and unique software products are recognised in intangible assets when the recognition criteria in IAS 38 'Intangible assets' are met.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

Retirement benefits
The Group contributes to employees' individual pension arrangements through a defined contribution group personal pension plan, which is administered separately from the Group. The amount charged against profits represents the contribution payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet. The Group has no further payment obligations once the contributions have been paid.

Trade receivables
Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Cash and cash equivalents
Cash and cash equivalents comprise cash at bank and cash in hand and carrying insignificant risk of changes in value.

Trade payables
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

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

Borrowings
Proceeds of borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Derivative financial instruments and hedging activities
The Group uses derivative financial instruments such as forward foreign exchange contracts to hedge its risks associated with foreign currency fluctuations. Such derivative financial instruments are initially measured at fair value and subsequently remeasured at fair value. The fair value of forward foreign exchange contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in cost of sales in the income statement.

Amounts accumulated in equity are reclassified to cost of sales in the income statement in the periods when the hedged item affects profit or loss, when the hedged transaction occurs.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in equity is retained in equity and is recognised when the forecast transaction is ultimately recognised in cost of sales in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Foreign currency translation
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges.

Leases
Leases in respect of which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are recognised as deferred income and released over the life of the lease term on a straight-line basis.

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

Share capital
The nominal value of ordinary shares is classified as equity. Incremental costs directly attributable to the issue of new shares are shown as a deduction, net of tax, from the proceeds.

New standards, amendments and interpretations
Standards, amendments and interpretations effective and adopted by the Group:
As these are the first financial statements of the Group under IFRS, the Group has applied all IFRSs that are effective for the year ended 29 March 2014 and period ended 30 March 2013 in these consolidated financial statements.

Standards, amendments and interpretations which are not effective or early adopted by the Group:
The following standards, amendments and interpretations in issue but not yet effective are relevant to the Group but are not expected to have a material effect on the financial statements of the Group in future years.

Amendment to IAS 32 'Financial instruments: Presentation' – effective for the financial period commencing 30 March 2014.

1 Accounting policies continued

Critical accounting estimates and assumptions

In the process of applying the Group's accounting policies, management has to make judgements and estimates that may have a significant effect on the amounts recognised in the consolidated historical financial information. These estimates and judgements are evaluated periodically and are based on historical experience and other factors, including expectations of future events. The most critical of these accounting estimates and judgements are noted below:

Carrying value of intangibles. In assessing the initial carrying value of the intangibles, the Group was required to make key judgements, in particular, in the valuation of the brand and customer relationships. The key judgements included estimates of future cash flows and appropriate discount rates. The carrying amount of these intangibles at 29 March 2014 was £2.3m. A movement of +1%/-1% in the discount rate would have resulted in a (£61,000)/£111,000 change in the valuation of the intangible assets at acquisition, and a change of (£41,000)/£93,000 in the value at 29 March 2014.

Gift voucher liabilities. The Group sells gift vouchers. On such a transaction, no immediate revenue is recorded. The value is recorded as a deferred income liability. When a gift voucher is redeemed, revenue is recognised, and the deferred income balance is reduced. It is not currently possible to match individual gift voucher issues and redemptions, and the deferred income liability therefore includes liabilities in respect of some gift vouchers which are unlikely to be redeemed. Management uses its best estimates to determine what the balance should be. However, actual redemptions could vary from those estimates. The carrying amount of gift voucher liabilities at 29 March 2014 was £1.1m. A movement of 1% in the accounting policy percentage applied to redemptions would result in a £105,000 change in the liability at 29 March 2014.

Inventory provisions. Provision is made for those items of inventory where the net realisable value is estimated to be lower than cost. The estimate of net realisable value is based on both historical experience and assumptions regarding future selling values, and is consequently a source of uncertainty. The provision is determined based on the choice of an appropriate percentage in accordance with the ageing of stock which is categorised by season. The carrying amount of inventory provisions at 29 March 2014 was £0.2m. A 1% change in percentage to the most recent season would result in a £10,000 change in the provision at 29 March 2014.

2 Financial risk management and capital management

Financial risk factors

The Group's principal financial instruments comprise cash, trade receivables, borrowings, finance leases, trade payables and derivatives. The main purpose of these financial instruments is to provide funds for the Group's operations. The principal risks arising from financial instruments that the Group is exposed to are exchange rate, credit and liquidity risks.

a) Exchange rate risk

Exchange rate risk is the risk that changes in foreign exchange rates will impact the Group's costs or value of its financial instruments. Exchange rate risk arises as it pays overseas suppliers for purchases of inventories in foreign currency, principally US Dollars. It is the policy of the Group to enter into forward foreign currency contracts to cover up to 100% of forecast inventory purchases for up to 12 months. The Group does not engage in speculative currency trading and only secures the currency it requires to meet its trading liabilities.

The sensitivity to a reasonably possible change (+/– 10%) in the Euro exchange rate has been determined as being immaterial.

The following table demonstrates a reasonable sensitivity to a possible change in the US Dollar exchange rate on the Group's profit before tax and the Group's equity.

	Strengthening of the US Dollar rate versus Pound Sterling	Effect on profit before tax £'000	Effect on equity £'000
29 March 2014	10%	(399)	(3,233)
30 March 2013	10%	(526)	(2,407)

b) Credit risk

Credit risk arises from the Group's cash balances held with counterparties and from trade receivables defaulting. All cash balances are held with reputable banks and the Board monitors its exposure to counterparty risk on an ongoing basis.

Trade receivables include monies due from a payment processing supplier, and (typically) low value transactions with subtenants and issuers of third party shopping vouchers, and accordingly, the concentration of credit risk is limited. Receivable balances are monitored on an ongoing basis and provision is made for estimated irrecoverable amounts.

The maximum exposure to credit risk at the balance sheet date is the carrying amount of trade receivables as disclosed in note 14. Cash and cash equivalents have no significant exposure to credit risk.

c) Liquidity risk

The Group is exposed to the risk that it is unable to meet its debt obligations as they fall due. The Group finances its operations with cash, borrowings, finance leases and committed undrawn bank credit facilities. Management monitors rolling forecasts of cash and undrawn borrowing facilities on the basis of expected cash flows. As at 29 March 2014, the Group's exposure to liquidity risk was low as all borrowings had been repaid, and amounts due under finance leases were relatively immaterial.

Financial risk factors continued

c) Liquidity risk continued

The table below shows the maturity analysis of the Group's financial liabilities.

29 March 2014	Within 12 months	1-2 years	2-5 years
Trade and other payables	34,867	–	–
Borrowings	75	87	235
Derivatives	2,809	–	–

30 March 2013	Within 12 months	1-2 years	2-5 years
Trade and other payables	30,017	–	–
Borrowings	6,023	–	–

d) Capital management

The capital structure of the Group consists of net cash (as disclosed in note 26) and equity attributable to equity holders of the parent, comprising issued share capital, share premium, reserves and retained earnings as disclosed in the statement of changes in equity.

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to minimise the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the value of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the level of net cash. Net cash is calculated as cash and cash equivalents less total borrowings (including current and non-current borrowings as shown in the consolidated balance sheet). Short and long-term cash flow forecasts are regularly produced to enable the Group to monitor its net cash and maintain sufficient liquidity headroom.

3 Segment information

Management has identified that the Board of Directors ('Board') is the chief operating decision maker in accordance with the requirements of IFRS 8 'Segmental reporting'. Management has determined the operating segments based on the operating reports reviewed by the Board that are used to assess both performance and strategic decisions.

The Board considers the business to be one main type of business generating revenue: retail of womenswear and accessories. Sales through the internet channel do not currently meet the quantitative threshold required by IFRS 8 for reportable segments.

All segment revenue, profit before taxation, assets and liabilities are attributable to the principal activity of the Group and other related services. All revenues are generated in the United Kingdom.

4 Exceptional items

Items that are material either because of the size or nature, or that are non-recurring, are considered as exceptional items and are presented within the line items to which they best relate. For all periods presented, the exceptional items as detailed below have been included in cost of sales, administrative expenses and gain on bargain purchase in the income statement.

Exceptional items comprise:

	Footnote	**52 weeks ended 29 March 2014 £'000**	Period ended 30 March 2013 £'000
Gain on bargain purchase	a	**–**	17,008
Acquisition and restructure costs	b	**–**	(2,655)
Redundancy costs	c	**–**	(999)
Management fees	d	**(1,500)**	–
Ann Harvey brand	e	**(250)**	–
IPO deal fees	f	**(1,500)**	–
		(3,250)	13,354

[a] Bluebird UK Topco Limited acquired the business and assets of Bonmarché, which was formerly a division of The Peacock Group plc on 20 January 2012. The net assets of Bonmarché at acquisition were in excess of the total consideration. IFRS requires the gain on bargain purchase to be immediately recognised in the income statement. See note 32 for further information.

[b] Acquisition and restructure costs incurred on the acquisition of Bonmarché and the subsequent restructure of the store estate. Costs included legal and professional fees paid in relation to formalising lease agreements with landlords.

[c] Subsequent to the acquisition of Bonmarché, the Group carried out an evaluation of the store estate which resulted in 120 store closures and related redundancy costs.

[d] Management fees paid to an affiliate of the parent undertaking, Sun Capital Partners Management V, LLC, in relation to the early termination of a management fee arrangement due to the admission of the Group onto AIM.

[e] On 30 April 2013, the Group purchased the intellectual property assets including the brand, trademark and associated registrations of 'Ann Harvey'. The Group is not currently trading under any brand acquired and, accordingly, no value has been attributed to the intangible asset acquired and the carrying value has therefore been fully impaired.

[f] Legal and professional fees paid in relation to the IPO on 20 November 2013.

5a Operating profit

Operating profit is stated after charging:

	Note	**52 weeks ended 29 March 2014 £'000**	Period ended 30 March 2013 £'000
Share-based payment charge	21	**390**	280
Depreciation of property, plant and equipment			
– owned	11	**1,761**	1,841
– held under finance lease		**68**	–
Amortisation of intangible assets	12	**366**	394
Provision for impairment of intangible assets		**250**	–
Operating lease payments			
– plant and machinery		**480**	539
– land and buildings		**16,917**	23,263
Rent free amortisation		**(1,282)**	(1,154)
Loss on disposal of property, plant and equipment		**65**	–
Foreign exchange (gains)/losses		**(339)**	114

5b Auditors' remuneration

During the year the Group's auditors provided the following services:

	52 weeks ended 29 March 2014 £'000	Period ended 30 March 2013 £'000
Audit services		
Fees payable for the audit of the Parent Company and consolidated financial statements	**25**	48
Other services		
Audit of subsidiary financial statements	**25**	12
Audit related assurance services	**174**	–
Other services	**669**	–
	893	60

Audit related assurance services and other services were for work relating to the IPO.

6a Employee benefit expense

	52 weeks ended 29 March 2014 £'000	Period ended 30 March 2013 £'000
Wages and salaries	**30,827**	35,593
Social security costs	**1,845**	2,116
Other pension costs	**748**	663
Share-based payments charge	**390**	280
Termination payments	**124**	1,196
Employee benefit expenses included in operating profit	**33,934**	39,848

6b Average number of people employed

The average monthly number of full time equivalent ('FTE') people (including Executive Directors) employed by the Group during the year was:

	52 weeks ended 29 March 2014 FTE	Period ended 30 March 2013 FTE
Stores	**1,304**	1,277
Administration	**162**	145
Distribution	**245**	250
	1,711	1,672

6c Directors' and Key management remuneration

Key management comprises the Executive and Non-executive Directors, and the members of the Trading Board. The Key management compensation is as follows:

	52 weeks ended 29 March 2014 £'000	Period ended 30 March 2013 £'000
Short-term employee benefits	**2,039**	1,647
Post-employment benefits	**192**	175
Share-based payments	**390**	280
	2,621	2,102

Information concerning Directors' remuneration, interests in shares and share options is included in the Annual Report in the remuneration section of the Directors' Remuneration Report on pages 35 to 38, which forms part of these financial statements.

7 Finance income and costs

	52 weeks ended 29 March 2014 £'000	Period ended 30 March 2013 £'000
Finance income		
Bank interest receivable	**–**	1
Total finance income	**–**	1
Finance costs		
Interest payable on amounts owed to Group undertakings	**135**	1,155
Other interest payable	**96**	165
Total finance costs	**231**	1,320

8 Taxation

	52 weeks ended 29 March 2014 £'000	Period ended 30 March 2013 £'000
Current tax:		
Current tax on profits for the period	**2,755**	2,680
Total current tax	**2,755**	2,680
Deferred tax:		
Origination and reversal of temporary differences	**(312)**	(113)
Changes in tax rate	**(24)**	(57)
Total deferred tax	**(336)**	(170)
Tax expense reported in the consolidated income statement	**2,419**	2,510

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	52 weeks ended 29 March 2014 £'000	Period ended 30 March 2013 £'000
Profit before tax	**7,985**	12,063
Profit on ordinary activities multiplied by rate of corporation tax in the UK of 23%/25%*	**1,837**	3,040
Tax effects of:		
– Effect of other timing differences	**(142)**	(33)
– Non-taxable income	**–**	(561)
– Expenses not deductible for tax purposes	**748**	121
Effects of changes in tax rate	**(24)**	(57)
Tax charge	**2,419**	2,510

* The blended tax rate for the period ended 30 March 2013 was 25%, being the UK Corporation tax rate used for the 79 days to 31 March 2012 at 26% and for the 52 weeks ended 30 March 2013 at 24%.

Factors that may affect future tax charges:

In addition to the changes in rates of corporation tax disclosed above, further changes to the UK Corporation tax rates were substantively enacted as part of the Finance Bill 2013 on 2 July 2013. These include reductions to the main rate to reduce the rate to 21% from 1 April 2014 and to 20% from 1 April 2015.

9 Earnings per share

	52 weeks ended 29 March 2014	Period ended 30 March 2013
Profit attributable to ordinary shareholders (£'000s)	**5,566**	9,553
Basic earnings per share (pence)	**23**	7,220
Diluted earnings per share (pence)	**22**	7,074

Basic and diluted earnings per share are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of shares in issue.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all potentially dilutive ordinary shares. The Company has one category of potentially dilutive ordinary shares, being management shares not yet vested.

The weighted average number of shares is as follows:

	52 weeks ended 29 March 2014 Number	Period ended 30 March 2013 Number
Number of ordinary shares in issue	**23,832,343**	132,314
Potentially dilutive share awards	**1,508,524**	2,735
Number of diluted ordinary shares	**25,340,867**	135,049

10 Dividends

Dividends of 3,589 pence per share were paid to B shareholders of Bluebird UK Topco Limited during the year amounting to £285,303 (period ended 30 March 2013: £nil).

The Directors have proposed a final dividend in respect of the 52 weeks ended 29 March 2014 of 2.1 pence per share amounting to a dividend of £1.1m. It will be paid on 5 August 2014 to shareholders on the register of members as at the close of business on 27 June 2014, subject to approval of shareholders at the Annual General Meeting, to be held on 31 July 2014. In line with the requirements of IAS 10 – 'Events after the reporting period', this dividend has not been recognised within these results.

11 Property, plant and equipment

	Note	Leasehold land and buildings £'000	Plant and equipment £'000	Motor vehicles £'000	Total £'000
Cost					
At incorporation		–	–	–	**–**
Acquisition	32	–	6,496	–	**6,496**
Additions		558	1,936	24	**2,518**
Disposals		(5)	(217)	–	**(222)**
At 30 March 2013		553	8,215	24	**8,792**
Accumulated depreciation					
At incorporation		–	–	–	**–**
Charge for the period		62	1,777	2	**1,841**
Disposals		(5)	(217)	–	**(222)**
At 30 March 2013		57	1,560	2	**1,619**
Net book value					
At 30 March 2013		496	6,655	22	**7,173**
Cost					
At 31 March 2013		553	8,215	24	**8,792**
Additions		95	3,240	472	**3,807**
Disposals		–	(58)	(22)	**(80)**
At 29 March 2014		**648**	**11,397**	**474**	**12,519**
Accumulated depreciation					
At 31 March 2013		57	1,560	2	**1,619**
Charge for the period		95	1,670	64	**1,829**
Disposals		–	(8)	(7)	**(15)**
At 29 March 2014		**152**	**3,222**	**59**	**3,433**
Net book value					
At 29 March 2014		**496**	**8,175**	**415**	**9,086**

11 Property, plant and equipment continued

Additions of plant and equipment include the following amounts in respect of assets not yet in use, which have not been depreciated:

	29 March 2014 £'000	30 March 2013 £'000
Plant and equipment not yet in use	**1,231**	1,002

The net book value of the Group's property, plant and equipment includes the following amounts in respect of assets held under finance leases:

	29 March 2014 £'000	30 March 2013 £'000
Plant and equipment:		
Cost	**514**	–
Accumulated depreciation	**(68)**	–
Net book value	**446**	–

12 Intangible assets

	Note	Software £'000	Brands £'000	Customer relationships £'000	Total £'000
Cost					
At incorporation		–	–	–	**–**
Acquisition	32	104	2,638	276	**3,018**
Additions		210	–	–	**210**
At 30 March 2013		314	2,638	276	**3,228**
Accumulated amortisation					
At incorporation		–	–	–	**–**
Charge for the period		46	315	33	**394**
At 30 March 2013		46	315	33	**394**
Net book value					
At 30 March 2013		268	2,323	243	**2,834**

	Software £'000	Brands £'000	Customer relationships £'000	Total £'000
Cost				
At 31 March 2013	314	2,638	276	**3,228**
Additions	791	250	–	**1,041**
At 29 March 2014	**1,105**	**2,888**	**276**	**4,269**
Accumulated amortisation				
At 31 March 2013	46	315	33	**394**
Charge for the period	75	263	28	**366**
Provision for impairment	–	250	–	**250**
At 29 March 2014	**121**	**828**	**61**	**1,010**
Net book value				
At 29 March 2014	**984**	**2,060**	**215**	**3,259**

Amortisation is charged to administrative expenses in the consolidated income statement. Brands relate to the value placed on the Bonmarché brand at the time of acquisition of the trade and assets of Bonmarché Limited, and £250,000 relating to the Ann Harvey brand which was subsequently written down in the year.

13 Inventories

	29 March 2014 £'000	30 March 2013 £'000
Goods for resale	**22,131**	20,183

The cost of inventories recognised as an expense and included in cost of sales is as follows:

	29 March 2014 £'000	30 March 2013 £'000
Cost of inventories recognised as an expense	**70,274**	75,583

The level of write down of inventories recognised as an expense and included in cost of sales is as follows:

	29 March 2014 £'000	30 March 2013 £'000
Write down of inventories recognised as an expense	**763**	534

14 Trade and other receivables

	29 March 2014 £'000	30 March 2013 £'000
Current		
Trade receivables	**124**	120
Less: provision for impairment of trade receivables	**(10)**	–
Trade receivables – net	**114**	120
Other receivables	**1,792**	1,030
Prepayments	**11,699**	12,302
Trade and other receivables	**13,605**	13,452

The carrying amounts of the Group's trade and other receivables are all denominated in Sterling.

Prepayments at 29 March 2014 include £8.0m of business rates for charges relating to the year ending 31 March 2015 (30 March 2013: £8.0m).

As of 30 March 2013 and 29 March 2014, trade receivables that are neither past due nor impaired related to independent customers for whom there is no recent history of default.

Impaired receivables as of 29 March 2014 are individually identified and represent amounts in dispute that are six months overdue.

The analysis of these trade receivables is as follows:

	29 March 2014 £'000	30 March 2013 £'000
Neither past due nor impaired	**124**	120
Impaired (over six months overdue)	**(10)**	–
	114	120

Movements on the Group provision for impairment of trade receivables are as follows:

	29 March 2014 £'000	30 March 2013 £'000
At beginning of period	**–**	–
Provision for receivables impairment	**10**	–
At end of period	**10**	–

Provisions are estimated based upon past default experience and the Directors' assessment of the current economic environment. The creation and release of receivables is charged/(credited) to administrative expenses in the income statement.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral as security.

15 Cash and cash equivalents

	29 March 2014 £'000	30 March 2013 £'000
Cash at bank and on hand	**8,222**	8,446
Cash and cash equivalents	**8,222**	8,446

16 Trade and other payables

	29 March 2014 £'000	30 March 2013 £'000
Current		
Trade payables	**21,162**	18,144
Other taxes and social security	**2,037**	1,657
Accruals and deferred income	**9,373**	8,075
Rent-free deferred income	**1,202**	1,261
Other payables	**1,093**	880
Trade and other payables	**34,867**	30,017

The Directors consider the carrying amounts of trade and other payables approximates to their fair value.

17 Other payables

	29 March 2014 £'000	30 March 2013 £'000
Non-current		
Rent free deferred income	**3,175**	2,815
Other payables	**3,175**	2,815

Rent free deferred income represents the value not yet recognised in the income statement in relation to rent free periods received at the beginning of certain property operating leases, as an incentive to enter into the lease. The credit arising on these rent free periods is released to the income statement on a straight-line basis over the term of the lease. At 29 March 2014, the total rent free deferred income balance had an average remaining life of 49 months.

The ageing of rent free deferred income is as follows:

	29 March 2014 £'000	30 March 2013 £'000
Current	**1,202**	1,261
Non-current	**3,175**	2,815
Total rent free deferred income	**4,377**	4,076

18 Borrowings

	29 March 2014 £'000	30 March 2013 £'000
Current		
Amounts owed to the Parent Company	**–**	6,023
Finance leases	**75**	–
	75	6,023
Non-current		
Finance leases	**322**	–
	322	–
Total borrowings	**397**	6,023

The amounts owed to the Parent Company are analysed as follows:

	29 March 2014 £'000	30 March 2013 £'000
Secured loan	**–**	5,385
Accrued interest	**–**	638
Amounts owed to Parent Company	**–**	6,023

Amounts owed to the Parent Company related to a secured loan, which incurred interest at 10% and had a maturity date of 20 January 2017. The loan was secured over the assets of Bluebird UK Topco Limited and its subsidiary companies and was fully repaid on 27 June 2013.

Borrowings, excluding finance leases, have the following maturity profile:

	29 March 2014 £'000	30 March 2013 £'000
Within one year	**–**	6,023
Total borrowings	**–**	6,023

The carrying amount of borrowings approximates to their fair value.

18 Borrowings continued

The Group has the following undrawn borrowing facilities:

	29 March 2014 £'000	30 March 2013 £'000
Bank overdraft	**–**	5,000
Committed revolving credit facility	**10,000**	–

At the end of the year, the Group had a committed bank revolving credit facility which matures on 13 May 2016. This facility contains a financial covenant in relation to which there have been no breaches in the year.

Finance lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

	29 March 2014 £'000	30 March 2013 £'000
Gross finance lease liabilities – minimum lease payments:		
– No later than one year	**100**	–
– Later than one year and no later than five years	**342**	–
Sub-total	**442**	–
Future finance charges on finance lease	**(45)**	–
Present value of finance lease liabilities	**397**	–

The maturity profile of finance lease liabilities is as follows:

	29 March 2014 £'000	30 March 2013 £'000
– No later than one year	**75**	–
– Later than one year and no later than five years	**322**	–
	397	–

19 Financial instruments

Financial assets

The Group's Financial risk management policy is as disclosed in note 2.

'Trade and other receivables' and 'Cash and cash equivalents' are designated as loans and receivables and carried at amortised cost as disclosed in notes 14 and 15 respectively. Derivative financial instruments are measured at fair value and classified as financial assets designated on initial recognition as fair value movements through the profit and loss. The carrying value of derivative financial assets at 29 March 2014 was £nil (30 March 2013: £1,596,000).

Financial liabilities

'Trade and other payables' and 'Borrowings' are designated as financial liabilities measured at amortised cost and the carrying value is disclosed in notes 16 and 18 respectively. Derivative financial instruments are measured at fair value and classified as financial liabilities designated on initial recognition as fair value movements through the profit and loss. The carrying value of derivative financial liabilities at 29 March 2014 was £2,809,000 (30 March 2013: £nil).

Cash flow hedges

	29 March 2014 £'000	30 March 2013 £'000
Forward foreign exchange contracts – cash flow hedge (Level 2) (liability)/asset	**(2,809)**	1,596
Forward foreign exchange contracts – (notional principal amount)	**43,301**	25,622

The Group uses forward foreign exchange contracts to hedge the foreign exchange risk from highly probable forecast stock purchases in US Dollars. They are designated as cash flow hedges with fair value movements recognised directly in other comprehensive income. The amount recognised in other comprehensive income is transferred to the income statement in the same period that the hedged item affects profit or loss. The income statement impact in relation to the cash flows hedged is expected to occur in the next 12 months.

The valuation of all financial derivative assets and liabilities carried at fair value by the Group is based on hierarchy Level 2. Fair value hierarchy levels are defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of forward foreign exchange contracts has been determined based on discounted market forward currency exchange rates at the balance sheet date.

20 Deferred tax

	29 March 2014 £'000	30 March 2013 £'000
Non-current deferred tax assets	**918**	28
Non-current deferred tax liabilities	**(524)**	(999)
Net deferred tax assets/(liabilities)	**394**	(971)

Deferred tax assets have been recognised in respect of temporary differences giving rise to deferred tax assets as it is probable that these assets will be recovered.

The movement on the net deferred tax asset/(liabilities) account is as follows:

	Note	29 March 2014 £'000	30 March 2013 £'000
At beginning of period		**(971)**	–
Deferred tax asset on intangible assets acquired	32	**–**	(758)
Income statement credit		**336**	170
Tax credit/(charge) relating to components of other comprehensive income		**1,029**	(383)
At end of period		**394**	(971)

The movement in deferred income tax assets and liabilities during the period, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Intangible assets £'000	Cash flow hedges £'000	Share-based payments £'000	Other short-term temporary differences £'000	Total £'000
At incorporation	–	–	–	–	–
Acquired	(758)	–	–	–	(758)
Credited to the income statement	142	–	28	–	170
Charged to other comprehensive income	–	(383)	–	–	(383)
Balance at 30 March 2013	**(616)**	**(383)**	**28**	**–**	**(971)**

	Intangible assets £'000	Cash flow hedges £'000	Share-based payments £'000	Other short-term temporary differences £'000	Total £'000
At 31 March 2013	(616)	(383)	28	–	(971)
Credited to the income statement	92	–	34	210	336
Credited to other comprehensive income	–	1,029	–	–	1,029
Balance at 29 March 2014	**(524)**	**646**	**62**	**210**	**394**

21 Share-based payments

The Company operates an equity-settled share scheme for certain employees which is intended to act as a long-term incentive to help retain senior management who are considered important to the success of the business.

Shares unvested at the beginning of the financial year amounted to 6,360 and a further 2,900 shares were issued in the year, before the capital restructure took place.

On the Group restructure, the shares were exchanged for shares in the new holding company, Bonmarché Holdings Limited, and redesignated to 'A' ordinary shares of 1p when Bonmarché Holdings Limited re-registered as a plc and listed on the AIM market. The shares were converted at a ratio that as far as possible ensured there was no change in the proportion of company ownership for any individual. 593,572 new 'A' ordinary 1p shares and 131,428 'B' ordinary 1p shares were issued to achieve this objective. Further details of the restructure can be found in the General information section of the Accounting policies note on page 44 and further details of the share capital movements can be found in the Share capital note 22.

A summary of the shares issued, those vesting and unvested shares at the end of the period is shown below:

Unvested 'B' shares at 13 January 2012	–
Issued during the previous financial period	7,950
Vested in the previous financial period	(1,590)
Unvested 'B' shares at 30 March 2013	6,360
Issued during the current financial period	2,900
Unvested prior to redemption and transfer to Bonmarché Holdings plc 'A' shares	9,260

Unvested shares converted into Bonmarché Holdings plc 'A' shares	3,241,000
Vested in the current financial period	(658,000)
Unvested 'A' shares at 29 March 2014	**2,583,000**

Share scheme conditions

The shares vest as follows:
– 20% of the shares vest upon the first anniversary of the employment commencement date for each member; and
– The remaining shares vest at a rate of 20% on each anniversary thereafter for a further four years.

The Bonmarché Employee Benefit Trust ('EBT') was established in the year, and 593,572 new 'A' ordinary shares of 1p were purchased by the Trust. These shares are jointly owned by the Trust and two employees, and vest as described above.

Under the current scheme arrangements, distributions in respect of any unvested shares will be paid into an escrow account, to be released when the shares vest, and any distributions in respect of vested shares are paid to the member.

Fair value of shares

The fair values of the shares were determined by an independent third party using the Black-Scholes model. The valuations were prepared at the date the shares were issued, which for all issues, was prior to the Company listing on the AIM market. The fair values were measured taking into account terms and conditions of the share scheme at the time of issue (i.e. pre-listing) and includes consideration of dividends accrued over the vesting period, the minority interest status, the lack of marketability and the lack of voting rights.

Issue date	18 October 2012	16 October 2013
Fair value of the shares issued	£736,900	£444,358
Number of shares issued	7,950	2,900

Charge to the income statement

	52 weeks ended 29 March 2014 £'000	Period ended 30 March 2013 £'000
Total expenses related to equity-settled share-based payment transactions	**390**	280

22 Share capital

	29 March 2014 £'000	30 March 2013 £'000
Allotted, called up and fully paid		
50,018,150 new 'A' ordinary shares of 1p	**500**	–
132,059 'A' ordinary shares of £1	**–**	132
7,950 'B' ordinary shares of 1p	**–**	–

Bonmarché Holdings plc authorised share capital is unlimited.

During the year, the Group restructured and a new company, Bonmarché Holdings Limited, acquired 100% of the share capital of Bluebird UK Topco Limited from BM Holdings S.à r.l. Further details can be found in the General information section of the Accounting policies note on page 44.

The share capital movements in the year are explained and shown in the tables below:

- Until 26 September 2013, the Parent Company of the Group was Bluebird UK Topco Limited.
- Bonmarché Holdings Limited was incorporated on 5 August 2013 with one 'A' ordinary share of £1.
- On 26 September 2013:
  - Bonmarché Holdings Limited issued 'A' and 'B' ordinary shares and in a share-for-share exchange, exchanged its shares for 100% of the shares in Bluebird UK Topco Limited.
  - Bonmarché Holdings Limited undertook a capital reduction and cancelled 65,897,441 'A' ordinary shares and 3,967,050 'B' ordinary shares.
- On admission to the AIM market on 20 November 2013:
  - Bonus issues were made on the 'A' ordinary shares of £1 and 'B' ordinary shares of 1p and each of the 'A' ordinary shares was sub-divided into 100 shares.
  - The 'A' and 'B' shares were re-designated as new 'A' ordinary shares of 1p.
  - To maintain the percentage holdings of certain management shareholders in the new capital structure, 593,572 new shares were issued and purchased by the Bonmarché Employee Benefit Trust and 131,428 new shares were allotted to existing shareholders.

		Total issued share capital (number)			**Total issued share capital (£)**		
		'A' ordinary £1 shares	'B' ordinary 1p shares	**New 'A' ordinary 1p shares**	'A' ordinary £1 shares	'B' ordinary 1p shares	**New 'A' ordinary 1p shares**
Bluebird UK Topco Limited	Shares at 31 March 2013	132,059	7,950	–	132,059	80	–
Bonmarché Holdings Limited	Issued shares to the shareholders of Bluebird UK Topco Limited in exchange for their shares in said company	66,029,500	3,975,000	–	66,029,500	39,750	–
	Capital reduction 499 to 1	(65,897,441)	(3,967,050)	–	(65,897,441)	(39,671)	–
	Shares in Bonmarché Holdings post share-for-share exchange and capital reduction	132,059	7,950	–	132,059	80	–
	Management share scheme shares issued	–	2,900	–	–	29	–
	Shares in Bonmarché Holdings prior to admission to AIM market	132,059	10,850	–	132,059	109	–
Bonmarché Holdings plc	'A' shares subdivided	(132,059)	–	13,205,900	(132,059)	–	132,059
	'B' shares receive Bonus issue 99 for 1	–	1,074,150	–	–	10,742	–
	'A' share and 'B' share Bonus issue 5 for 2	–	1,987,500	33,014,750	–	19,875	330,148
	Allot new shares	–	131,428	–	–	1,314	–
	Re-designate as new 'A' shares	–	(3,203,928)	3,203,928	–	(32,039)	32,039
	New share issue – shares purchased by EBT	–	–	593,572	–	–	5,936
	Bonmarché Holdings plc shares at 29 March 2014	**–**	**–**	**50,018,150**	**–**	**–**	**500,182**

23 Share premium

On 10 September 2013, £230,000 outstanding in respect of the 'B' ordinary shares was received and allocated to Share premium.
On 13 September 2013 the £230,000 Share premium attributable to the 'B' ordinary shares was cancelled and allocated to retained earnings.

New 'A' ordinary shares were issued on 20 November 2013 and Share premium of £1,495,829 was received on the purchase of shares by the Bonmarché Employee Benefit Trust and other shareholders.

24 Employee Benefit Trust

The Bonmarché Employee Benefit Trust (the 'Trust') was established on 5 November 2013 to acquire shares to be held jointly with certain employees. The purpose of this joint ownership was to allow certain features to be incorporated into the management share scheme, one of which was that the employees whose shares are held this way have an interest in the growth in value of the Company's shares held in the Trust, only from the date of admission to the AIM market. The Trust is resident in Jersey and has an independent professional Trustee.

The Trust holds the unvested shares of two employees. The employee has the right to acquire the Trustee's interest in the shares that have vested. The shares vest as follows:

– 20% of the shares vest upon the first anniversary of the date employment commenced; and
– the remaining shares vest at a rate of 20% on each anniversary thereafter for a further four years.

On 20 November 2013, 593,572 'A' ordinary 1p shares were purchased by the Trust at the AIM market admission price of £2.00 per share amounting to £1,187,144. Of these shares, 547,540 were unvested at 29 March 2014. The market value of the shares at 29 March 2014 was £1,718,390.

The assets and liabilities of the Trust have been incorporated in the Group and Company financial statements. The consideration paid for the shares is shown as an EBT reserve and presented within equity in the Group and Company financial statements.

25 Cash generated from operations

	Note	**52 weeks ended 29 March 2014 £'000**	Period ended 30 March 2013 £'000
Profit before tax		**7,985**	12,063
Adjustments for:			
– Depreciation	11	**1,829**	1,841
– Loss on disposal of property, plant and equipment		**65**	–
– Amortisation of intangible assets	12	**366**	394
– Provision for impairment of intangible assets	12	**250**	–
– Amortisation of deferred arrangement fees		**23**	–
– Gain on bargain purchase	32	**–**	(17,008)
– Share-based payment charge	21	**390**	280
– Finance costs – net	7	**231**	1,319
– Increase in inventories		**(1,948)**	(3,735)
– Trade and other receivables – decrease/(increase)		**171**	(5,115)
– Increase in trade and other payables		**5,016**	26,894
Cash generated from operations		**14,378**	16,933

26 Analysis of net cash

	29 March 2014 £'000	30 March 2013 £'000
Cash and cash equivalents	**8,222**	8,446
Parent Company loans	**–**	(6,023)
Finance lease liabilities	**(397)**	–
Net cash	**7,825**	2,423

27 Contingencies

During the year, the Group issued letters of credit to foreign suppliers. The settlement dates on these letters of credit range from 0 to 60 days after the title of goods purchased have passed to the Group. Letters of credit with the following aggregate value were outstanding at the period end:

	29 March 2014 £'000	30 March 2013 £'000
Letters of credit	**1,521**	1,029

28 Commitments

a) Capital commitments

Capital commitments at 29 March 2014 were £2,194,788. These relate to commitments made for the installation of new EPOS hardware, the purchase of new trucks and a new store shop fit prior to the store opening.

There were no capital commitments as at 30 March 2013.

b) Operating lease commitments

The Group leases stores, offices, a warehouse and equipment. At the balance sheet date the future aggregate minimum lease payments under non-cancellable operating leases were:

	Land and buildings		Other	
	29 March 2014 £'000	30 March 2013 £'000	**29 March 2014 £'000**	30 March 2013 £'000
Within one year	**16,187**	15,452	**204**	200
Within two years to five years inclusive	**41,968**	45,467	**217**	244
After five years	**14,223**	14,349	**–**	–
Total	**72,378**	75,268	**421**	444

29 Pension commitments

The Group contributes to employees' individual pension arrangements through a defined contribution group personal pension plan. This is allocated through the payroll within a subsidiary company, Bonmarché Limited. The pension cost charge for the period represents contributions payable by the Group to the scheme:

	52 weeks ended 29 March 2014 £'000	Period ended 30 March 2013 £'000
Pension cost charge for the period	**748**	663

30 Related parties

Transactions with subsidiaries

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation. Bonmarché Holdings plc is the beneficial owner of all the equity share capital, either itself or through subsidiary undertakings of the companies listed in note 10c of the Company financial statements.

Transactions with parent companies

The immediate parent company of Bonmarché Holdings plc is BM Holdings S.à r.l. and the ultimate parent company is a private equity investment fund advised by an affiliate of Sun Capital Partners, inc. Transactions with the immediate and the ultimate parent companies occur within the Group.

a) Loans

The Group had a secured loan of £9,867,941 from its immediate parent undertaking, BM Holdings S.à r.l., a company registered in Luxembourg. The Group had repaid the following amounts at the balance sheet dates:

	29 March 2014 £'000	30 March 2013 £'000
Opening balance	**6,023**	–
Loan received in the period	**–**	9,868
Interest and arrangement fees	**157**	1,155
Amount repaid (including interest and arrangement fees)	**(6,180)**	(5,000)
Amount outstanding (note 18)	**–**	6,023

b) Purchase of goods and services

Management fees have been paid to Sun Capital Partners Management V, LLC during the period in relation to management services provided as follows:

	52 weeks ended 29 March 2014 £'000	Period ended 30 March 2013 £'000
Management fees	**1,942**	782

At 29 March 2014, there was an accrual of £45k (30 March 2013: £nil) in respect of fees payable to Sun Capital Partners Management V, LLC, in relation to services provided by the Chairman.

Financial statements

30 Related parties continued

Transactions with Key management

The Directors and Key management control 3,203,928 shares in Bonmarché Holdings plc, which represents 6.4% of the issued share capital.

Key management and Directors' remuneration is disclosed in note 6. In addition, Executive Directors and Key management participate in a share scheme, further details of which can be found in note 21.

Loans have been provided to certain employees in connection with the acquisition of shares.

	52 weeks ended 29 March 2014 £'000	Period ended 30 March 2013 £'000
Amounts loaned during the period	**326**	–
Outstanding at the end of the period	**326**	–

Further details of the loans can be found in note 3c of the Company financial statements.

Dividends of £285,303 were paid to Directors and Key management on 16 September 2013 for shares they held in Bluebird UK Topco Limited.

31 Events after the reporting period

Between 29 March 2014 and the date of signing the financial statements, there have been no material events.

32 Business combinations

Bluebird UK Topco Limited was incorporated on 13 January 2012 to acquire the business and assets of 'Bonmarché', which was formerly a division of The Peacock Group plc. The acquisition was completed on 20 January 2012, since when the Group's sole activity was as a multi-channel retailer of high quality, affordable, womenswear and accessories, for the 50+ year-old. On acquisition it traded from 392 high street stores in the UK, and a website.

The following table summarises the consideration paid to acquire the business, the fair value of assets acquired, and liabilities assumed:

	Fair value £'000
Cash	12,000
Total consideration	**12,000**
Amounts of assets acquired and liabilities assumed	
Cash and cash equivalents	101
Property, plant and equipment	6,496
Intangible assets	3,018
Inventory	16,448
Trade and other receivables	8,337
Other creditors and accruals	(4,634)
Deferred tax liabilities	(758)
Total identifiable net assets	**29,008**
Gain on bargain purchase	(17,008)
Total consideration	**12,000**

The value of all the total identifiable net assets has been arrived at using fair value accounting principles.

Acquisition costs of £931,000 have been charged to administrative expenses and included in exceptional items in the 15 months ended 30 March 2013.

The fair value of trade and other receivables is £8,337,000. The gross contracted amount for trade and other receivables due is £nil.

The business acquired assets with a fair value of £29m for a consideration of £12m, thereby creating a gain on bargain purchase. The transaction was made on an arm's-length basis between the acquiring entity and the administrators of The Peacock Group plc (in Administration). The gain on bargain purchase is shown in administrative expenses in the income statement.

The revenue and profit or loss included in the consolidated statement of comprehensive income since acquisition is the same as that reported for the Group, since the Group only trades from the acquired Bonmarché business.

33 Explanation of transition to IFRS

These are the Group's first consolidated financial statements prepared in accordance with IFRSs.

The accounting policies set out on pages 44 to 48 have been applied in preparing the consolidated financial statements for the period ended 30 March 2013 and year ended 29 March 2014, and in the preparation of an opening IFRS balance sheet at 13 January 2012 (the Group's date of transition).

In preparing its opening IFRS balance sheet, the Group has adjusted amounts reported previously in financial statements prepared with UK GAAP. An explanation of how the transition from UK GAAP to IFRSs has affected the Group's statement of financial position, consolidated income statement and consolidated statement of cash flows is set out in the following tables and notes that accompany the tables.

a) Initial elections upon adoption

Under IFRS 1, a number of exemptions are permitted to be taken in preparing the consolidated balance sheet as at the date of transition to IFRS on 13 January 2012. No exemptions as set out in IFRS 1 have been elected.

b) Reconciliation of UK GAAP to IFRS

IFRS 1 requires the Group to reconcile comprehensive income and cash flows for prior periods. The Group's first-time adoption did not have an impact on the total operating, investing or financing cash flows. The following tables represent the reconciliations from UK GAAP to IFRS for the respective periods noted for equity, earnings and comprehensive income.

Consolidated balance sheet at 13 January 2012 (transition date)

The Group's date of transition to IFRS is 13 January 2012, which is the date of incorporation of Bluebird UK Topco Limited. The consolidated balance sheet at incorporation was reported under UK GAAP and is the same as that reported under IFRS. The consolidated balance sheet consisted of issued ordinary share capital of £1 and other debtors of £1.

Consolidated statement of comprehensive income for the period ended 30 March 2013

		Adjustments			
	UK GAAP £'000	**Share-based payments £'000**	**Intangible assets £'000**	**Derivative financial instruments £'000**	**IFRS £'000**
Revenue	175,958	–	–	–	175,958
Cost of sales	(147,094)	–	–	–	(147,094)
Gross profit	28,864	–	–	–	28,864
Administrative expenses	(22,737)	(222)	(1,279)	–	(24,238)
Distribution costs	(8,252)	–	–	–	(8,252)
Gain on bargain purchase	13,921	–	3,087	–	17,008
Operating profit/(loss)	**11,796**	**(222)**	**1,808**	**–**	**13,382**
Analysed as:					
Operating profit/(loss) before exceptional items	598	(222)	(348)	–	28
Exceptional items	11,198	–	2,156	–	13,354
Finance income	1	–	–	–	1
Finance costs	(1,320)	–	–	–	(1,320)
Profit/(loss) before income tax	**10,477**	**(222)**	**1,808**	**–**	**12,063**
Taxation	(2,719)	67	142	–	(2,510)
Profit/(loss) for the period	**7,758**	**(155)**	**1,950**	**–**	**9,553**
Other comprehensive income/(loss)					
Items that may be reclassified subsequently to profit or loss:					
Cash flow hedges					
– fair value movements in other comprehensive income	–	–	–	1,955	1,955
– transfer from cash flow hedge reserve to profit or loss	–	–	–	(359)	(359)
Tax on cash flow hedges	–	–	–	(383)	(383)
Other comprehensive income for the period	–	–	–	1,213	1,213
Total comprehensive income/(loss) for the period	**7,758**	**(155)**	**1,950**	**1,213**	**10,766**

33 Explanation of transition to IFRS continued

Consolidated balance sheet at 30 March 2013

	UK GAAP £'000	Adjustments: Share-based payments £'000	Adjustments: Intangible assets £'000	Adjustments: Derivative financial instruments £'000	IFRS £'000
Non-current assets					
Property, plant and equipment	7,441	–	(268)	–	7,173
Intangible assets	–	–	2,834	–	2,834
Deferred tax asset	–	28	–	–	28
Total non-current assets	7,441	28	2,566	–	10,035
Current assets					
Inventories	20,183	–	–	–	20,183
Trade and other receivables	13,452	–	–	–	13,452
Cash and cash equivalents	8,446	–	–	–	8,446
Derivative financial instruments	–	–	–	1,596	1,596
Total current assets	42,081	–	–	1,596	43,677
Total assets	49,522	28	2,566	1,596	53,712
Current liabilities					
Trade and other payables	(30,017)	–	–	–	(30,017)
Borrowings	(6,023)	–	–	–	(6,023)
Current taxation payable	(2,719)	39	–	–	(2,680)
Total current liabilities	(38,759)	39	–	–	(38,720)
Non-current liabilities					
Other payables	(2,815)	–	–	–	(2,815)
Deferred tax liabilities	–	–	(616)	(383)	(999)
Total liabilities	(41,574)	39	(616)	(383)	(42,534)
Net assets	**7,948**	**67**	**1,950**	**1,213**	**11,178**
Equity					
Ordinary shares	132	–	–	–	132
Cash flow hedge reserve	–	–	–	1,213	1,213
Retained earnings	7,816	67	1,950	–	9,833
Total equity	**7,948**	**67**	**1,950**	**1,213**	**11,178**

Adjustments

Share-based payments (IFRS 2)

The Company operates a share-based incentive scheme for certain employees. The accounting for these share-based payments is the same under UK GAAP as under IFRS. However, on transition to IFRS, the Directors revisited the fair value. The impact of the revaluation was to increase the fair value and accordingly, increase the income statement charge for the period 30 March 2013 by £222,000. A deferred tax credit resulting from the charge has also been recognised in the income statement in accordance with IFRS 2.

Recognition of intangible assets (IFRS 3)

Under UK GAAP, intangible assets are only recognised if they are capable of being disposed of separately, without disposing of the business and consequently were not recognised on acquisition. The criteria for recognition of intangible assets under IFRS 3 do not require the asset to be separable. As a consequence, intangible assets arising on the acquisition of Bonmarché were reassessed under IFRS 3 and a brand name and customer database recognised. The acquisition balance sheet has been adjusted to reflect the recognition of these assets and associated deferred tax liabilities. The resulting amortisation charge and associated taxation credit has been recognised in the income statement.

Derivative financial instruments (IAS 32 and IAS 39)

The Group's derivative financial instruments comprise of foreign exchange forward contracts purchased to hedge future foreign currency payments to suppliers. Under UK GAAP, foreign currency derivatives are not recognised on the balance sheet where FRS 26 is not voluntarily applied. The adoption of IAS 32 has resulted in the recognition of the derivatives at fair value in the balance sheet of the Group. Under IAS 39 derivatives that qualify for cash flow hedging are recognised at fair value on the balance sheet with corresponding movement in value deferred to equity. A corresponding deferred taxation liability has also been recognised on the balance sheet relating to cash flow hedges, with the movement in balance also deferred to equity.

COMPANY FINANCIAL STATEMENTS
COMPANY BALANCE SHEET

	Note	As at 29 March 2014 £'000
Fixed assets		
Investments	2c	66,069
Current assets		
Debtors	3c	326
Creditors: amounts falling due within one year	4c	(1,225)
Net current liabilities		(899)
Total assets less current liabilities		65,170
Net assets		**65,170**
Capital and reserves		
Called up share capital	5c	500
Share premium	6c	1.496
Employee benefit trust reserve		(1,187)
Profit and loss account	7c	64,361
Total shareholders' funds		**65,170**

The financial statements of Bonmarché Holdings plc on pages 65 to 68 were approved by the Board of Directors on 13 June 2014 and were signed on its behalf by:

Beth Butterwick
Chief Executive

Stephen Alldridge
Finance Director

Company registration number: 08638336

The accounting policies and the notes on page 66 form an integral part of these financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

Period ended 29 March 2014

1c Statement of accounting policies

General information

Bonmarché Holdings plc was incorporated on 5 August 2013 as Bonmarché Holdings Limited and was a wholly owned subsidiary of BM Holdings S.à r.l. On 26 September 2013, Bonmarché Holdings Limited acquired the share capital of Bluebird UK Topco Limited from BM Holdings S.à r.l. and other minority shareholders in a share-for-share exchange. Bonmarché Holdings Limited re-registered as a public limited company on 1 November 2013 and listed on the AIM market of the London Stock Exchange on 20 November 2013.

Basis of preparation

The Company's financial period is the period from incorporation on 5 August 2013 to 29 March 2014. The financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The Company has taken advantage of the exemption contained in Section 408(4) of the Companies Act 2006 from presenting its own profit and loss accounts. The loss dealt with in the accounts of the Company was £1,471,834.

The Company has taken advantage of the exemptions in FRS1 – 'Cash flow statements' and has not prepared a cash flow statement.

Accounting policies have been applied consistently throughout the period.

The Company has taken advantage of the exemption under FRS 8 'Related party disclosures' and not disclosed details of transactions with wholly owned subsidiaries.

Investments

The cost of investments in subsidiary undertakings is recorded as cash paid and any further costs connected with the acquisition. Provision is made where necessary to reduce the carrying value of an investment to its estimated recoverable amount where in the opinion of the Directors there has been an impairment.

Share-based payments

The Company has issued equity-settled share-based payments to certain employees in subsidiary companies as part of an incentivisation programme. The fair value of share-based payments granted to subsidiary employees is recognised as a capital contribution in the subsidiary from the date of grant over the vesting period with a corresponding increase in equity. Costs are recharged to the relevant employing subsidiary and recognised as a repayment of the capital contribution.

Employee Benefit Trust

The assets, liabilities, income and expenses of the Bonmarché Employee Benefit trust ('EBT') are consolidated into the financial statements of the Company. Shares in the Company held by the EBT are included in the balance sheet at cost as a deduction from equity.

2c Investments

	29 March 2014 £'000
Cost and net book value at incorporation	–
Additions	66,069
Cost and net book value at 29 March 2014	66,069

Additions represents the investment in Bluebird UK Topco Limited, and the wholly owned subsidiaries of Bluebird UK Topco Limited, when the Company acquired its share capital as described in the general information section of the Company's accounting policies.

A list of all the principal subsidiaries owned by the Company is included in note 10c.

The Directors believe that the carrying value of the investment is supported by its underlying net assets and expected results from future trading of subsidiaries.

3c Debtors

	29 March 2014 £'000
Employee loan account	326

Prior to the IPO, under the terms of a share scheme established by the selling shareholder, certain senior managers were given the opportunity to buy shares at an estimated market value. The Company advanced loans to these individuals in order to fund the acquisition of the shares. The loan is non-interest bearing and repayable on the sale of the shares. The shares are subject to lock-in agreements and vesting restrictions.

4c Creditors: amounts falling due within one year

	29 March 2014 £'000
Amounts owed to Group undertakings	(1,225)

5c Share capital

	29 March 2014 £'000
Allotted, called up and fully paid	
50,018,150 new 'A' ordinary shares of 1p	**500**

The share capital movements in the year are explained and shown in the tables below:

- Bonmarché Holdings Limited was incorporated on 5 August 2013 with one 'A' ordinary share of £1.
- On 26 September 2013,
- Bonmarché Holdings Limited was incorporated on 5 August 2013 with one 'A' ordinary share of £1.
- On 26 September 2013,
  - Bonmarché Holdings Limited issued 'A' and 'B' ordinary shares and exchanged its shares in a share-for-share exchange for Bluebird UK Topco Limited shares.
  - Bonmarché Holdings Limited undertook a capital reduction and cancelled 65,897,441 'A' ordinary shares and 3,967,050 'B' ordinary shares.
- On admission to the AIM market on 20 November 2013,
  - Bonus issues were made on the A ordinary shares of £1 and 'B' ordinary shares of 1p and each of the 'A' ordinary shares sub-divided into 100 shares
  - The 'A' and 'B' shares were re-designated as new 'A' ordinary shares of 1p.
  - To maintain the percentage holdings of certain management shareholders in the new capital structure, 593,572 new shares were issued and purchased by the Bonmarché Employee Benefit Trust and 131,428 new shares were allotted to existing shareholders.

	Total issued share capital (number)			Total issued share capital (£)		
	'A' ordinary £1 shares	'B' ordinary 1p shares	New 'A' ordinary 1p shares	'A' ordinary £1 shares	'B' ordinary 1p shares	New 'A' ordinary 1p shares
On incorporation	1	–	–	1	–	–
Issued shares to the shareholders of Bluebird UK Topco Limited in exchange for their shares in said company	66,029,499	3,975,000	–	66,029,499	39,750	–
Capital reduction 499 to 1	(65,897,441)	(3,967,050)	–	(65,897,441)	(39,671)	–
Shares in Bonmarché Holdings post share-for-share exchange and capital reduction	132,059	7,950	–	132,059	79	–
Management share-scheme shares issued	–	2,900	–	–	29	–
Shares in Bonmarché Holdings prior to admission to AIM market	132,059	10,850	–	132,059	108	–
'A' shares subdivided	(132,059)	–	13,205,900	(132,059)	–	132,059
All 'B' share Bonus issue 99 for 1	–	1,074,150	–	–	10,742	–
'A' share and 'B' share Bonus issue 5 for 2	–	1,987,500	33,014,750	–	19,875	330,148
Allot new shares	–	131,428	–	–	1,314	–
Redesignate as new 'A' shares	–	(3,203,928)	3,203,928	–	(32,039)	32,039
New share issue – shares purchased by EBT	–	–	593,572	–	–	5,936
Bonmarché Holdings plc shares at the end of the year	**–**	**–**	**50,018,150**	**–**	**–**	**500,182**

6c Share premium account

New 'A' ordinary shares were issued on 20 November 2013 and Share premium of £1,495,829 was received on the purchase of shares by the Bonmarché Employee Benefit Trust and other shareholders.

7c Profit and loss account

	Period ended 29 March 2014 £'000
On incorporation	–
Loss for the period	(1,472)
Share-based payments credit	258
Capital reduction	65,937
Bonus issues	(362)
Profit and loss account	**64,361**

Information on the share award schemes can be found in note 21 in the Group financial statements.

The capital reduction and bonus issues were made as described in note 5c and the realised profit on the capital reduction is shown within profit and loss reserves.

Auditors' remuneration for audit services to the Company was £5,000. This is borne by another Group company.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

Period ended 29 March 2014

8c Dividends

The Directors have proposed a final dividend of 2.1 pence per share amounting to a dividend of £1.1m. It will be paid on 5 August 2014 to shareholders on the register of members as at the close of business on 27 June 2014, subject to approval of shareholders at the Annual General Meeting, to be held on 31 July 2014. In line with the requirements of FRS 21 – 'Events after the reporting period', this dividend has not been recognised within these results.

9c Share-based payments

A share-based payment credit of £258,000 has been made to the profit and loss account in the period for an equity-settled share scheme where the shares are settled by Bonmarché Holdings plc and the services are received in another Group company. Further details of the share-based payments are in note 21 of the Group financial statements.

10c Principal subsidiaries

Name	Country of incorporation	Nature of the business	Proportion of ordinary shares held
Bluebird UK Topco Limited	England & Wales	Holding company	100%
Bluebird UK Holdco Limited	England & Wales	Holding company	100%
Bonmarché Limited	England & Wales	Retail	100%
Bluebird UK Bidco 2 Limited	England & Wales	Retail – discontinued	100%

11c Related party transactions

During the period, the Company issued loans to certain employees in connection with the acquisition of shares.

	52 weeks ended 29 March 2014 £'000	Period ended 30 March 2013 £'000
Amounts loaned during the period	**326**	–
Outstanding at the end of the period	**326**	–

Further details of the loans can be found in note 3c of the Company financial statements.

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KEY DATES

These dates are indicative and may be subject to change

Dividend record date	27 June 2014
Annual General Meeting and trading update announcement	31 July 2014
Dividend payment date	5 August 2014
Financial half-year end	27 September 2014
Pre-close trading update	October 2014
Half-yearly management statement	November 2014
Christmas trading update	January 2015
Financial year end	28 March 2015
Pre-close trading update	April 2015
2015 final results announcement	June 2015

ANNUAL GENERAL MEETING

The AGM will be held at Bonmarché Head Office, Jubilee Way, Grange Moor, Wakefield WF4 4SJ on Thursday 31 July 2014.
The meeting will start at 12.00pm and registration will be available from 11.30am.

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