BRISCOE GROUP LIMITED

Annual Report

for the period ended 25 January 2015

Contents

Key Facts

	Audited period ending 25 January 2015 $000	Audited period ending 26 January 2014 $000	Audited period ending 27 January 2013 $000	Audited period ending 29 January 2012 $000	Audited period ending 30 January 2011 $000
Trading Results					
Sales Revenue	**507,063**	483,566	452,702	438,037	419,294
Gross profit margin	**38.9%**	38.5%	38.9%	38.5%	38.9%
Earnings before interest and tax (EBIT)[1.]	**53,122**	45,222	40,970	36,666	32,755
Net profit after tax (NPAT)	**39,302**	33,575	30,468	27,529	21,612
Net cash flows from operating activities	**45,051**	46,092	31,406	42,030	45,264
Financial Position and Statistics					
Shareholders' funds	**155,559**	140,648	128,581	141,212	131,886
Total assets	**234,754**	215,384	191,831	207,305	191,119
EBIT per share	**24.5c**	21.0c	19.2c	17.2c	15.4c
NPAT per share	**18.2c**	15.6c	14.3c	12.9c	10.2c
Operating cashflow per share	**20.8c**	21.4c	14.7c	19.7c	21.3c
Current ratio	**2.2:1**	2.1:1	2.3:1	2.4:1	2.5:1
Shareholders' funds to total assets	**66.3%**	65.3%	67.0%	68.1%	69.0%
Store Numbers					
Homeware	**46**	46	48	47	54
Sporting Goods	**33**	32	32	32	32
Briscoe Group	**79**	78	80	79	86
Total Store Area (m^2)					
Homeware	**95,787**	94,402	93,014	90,615	93,964
Sporting Goods	**53,993**	51,884	51,884	51,417	53,204
Briscoe Group	**149,780**	146,286	144,898	142,032	147,168

1. *Earnings before interest and tax (EBIT) is a non-GAAP measure. Refer to the Income Statement on Page 9.*

Chairman's Review

We are pleased to present the Directors' Reports on the financial and operational performance of Briscoe Group Limited for the 52 week period ended 25 January 2015.

The 2014/15 year was again one of significant growth for the Group and despite a continuation of the very challenging and competitive retail market in which the Group operates, we were delighted to announce, during March, another record full year profit for the Group. This year's result represents a compound 16.1% increase in reported Net profit After Tax for the last four years and reflects the importance we place on managing every part of the business from ensuring the basics are executed well through to the measured, controlled approach with which we implement new initiatives.

We continue to focus on providing our customers with great product and exceptional prices delivered through the best possible experience and the Board would like to acknowledge the significant contribution from all employees who have once again produced these outstanding results.

A significant highlight for the Group was the achievement of surpassing $500 million in sales in the same year as exceeding $50 million in Earnings before interest and tax (EBIT).

The executive team is committed to implementing initiatives that are customer-centric and they understand the need for these initiatives to involve all parts of the business from frontline operations in the way we design and refurbish stores, to merchandise and marketing in the way we optimise buying decisions and structure promotions, to human resources in the way we effectively train and incentivise our teams, to supply chain management in the way we efficiently distribute product, and to finance and IT in the way in which we report and keep our systems relevant and innovative.

Rebel Sport continues to deliver outstanding growth. Last year we highlighted the 22% increase in EBIT over the previous year and this year we are pleased to report an increase of 45% in EBIT for the sporting goods segment. The merchandise and operations teams have worked hard to capitalise on the alignment of fashion with sport across the footwear and apparel categories as well as leveraging the new technology introduced to receipt inventory into store.

Briscoes Homeware continues to invigorate the homeware market in New Zealand with its formidable range of respected, international, quality and trusted homeware brands.

Another highlight of the financial year was the performance of the Group's online business with significant growth in both its top-line and bottom-line results. We remain excited about the opportunities that the online channel presents to us and are determined to maximise that potential as we look to integrate seamlessly with our bricks and mortar operations on the journey to omni-channel retailing.

The Group remains in a very strong financial position with a cash balance of $89.7 million reported at year-end and no interest-bearing liabilities. It is important to consider this cash balance however, in the context of the early year-end cut-off date of 25 January 2015. As at this date approximately $20 million of creditor payments were included in the trade payables balance, which were subsequently paid by 31 January 2015. In addition to this, GST of $6.4 million was paid on 28 January 2015 and $5.0 million for a property transaction settlement was made on 10 February 2015.

We actively pursue and evaluate opportunities to generate increased future returns via property acquisition, business acquisition or store rollout These opportunities are evaluated on the basis of their potential to add value to Briscoe Group and its shareholders.

Financial performance

Sales revenue increased by 4.86% to $507.06 million, compared with $483.57 million previously. On a same store basis, sales increased for the year by 4.94%.

The Group's gross profit margin for the year increased from 38.50% to 38.90%, reflecting the continued focus the Group has on inventory management, the impact of the new stock receipting technology introduced to all stores during the year, continued refinement of the quality and breadth of our product ranges, and the benefits of a strong New Zealand dollar. Other factors that were central to these gross profit margin increases were the overall management of inventories, the effectiveness and aggressiveness of our buying and marketing, and the on-going improvements in the quality of the shopping experiences for customers.

Net profit after tax (NPAT) was $39.30 million compared to the $33.58 million for last year, an improvement of 17.06% on last year's reported NPAT.

Group EBIT and NPAT for the year was enhanced by the $1.34 million recovery, included in the profit reported for the first half, as a result of the settlement of the Group's Business Interruption insurance claim lodged in relation to the February 2011 Christchurch earthquake. Excluding the impact of this recovery EBIT and NPAT for the Group increased by 14.51% and 14.19% respectively, over the same measures recorded for the full 2013-14 year.

The results were for the 52 week period from 27 January 2014 to 25 January 2015 compared to the 52 week period last year from 28 January 2013 to 26 January 2014.

Inventories totalled $73.51 million at year-end, being $4.20 million higher than the $69.31 million reported for last year. This reflects the additional Rebel Sport store at Coastlands, increased stock holdings to satisfy the significant increases experienced in online sales and increased levels of product directly imported by the Group.

During the year $12.69 million of capital investment was made by the Group, including for the purchase of property in Taylors Road, Auckland, the development of property in Invercargill, the fit-out of one new store, the relocation of three stores, a store refurbishment and eleven storeroom reconfigurations.

Dividend

The directors resolved to pay a final dividend of 8.50 cents per share (cps), fully imputed. When added to the interim dividend of 5.50 cps, the total dividend for the year is 14.00cps, representing 77% of the Group's tax paid earnings. During the last four years the Group has paid out 78% of tax paid earnings in normal dividends and 94% when the special dividend paid in June 2012 is included.

The directors approved the final dividend payment date of 31 March 2015 and the share register closed to determine entitlements to the dividend at 5 pm on 20 March 2015.

Executive Share Option Plan

The Board is of the view that all shareholders benefit from the issue to key senior executives of long-term, appropriately-priced share options that crystallise only on delivery of increased shareholder value. In 2003 the Group established an Executive Share Option Plan to issue options to selected senior executives and, subject to shareholder approval, to Executive Directors. The Board intends to issue up to a further 1,700,000 options in the current 2015-16 financial year. This will result in the total number of share options issued under the scheme since its inception and still exercisable being equivalent to 3.2% percent of the current issued share capital.

The six tranches of options, issued between 2003 and 2008 have now lapsed with 1,547,500 options being exercised. The seventh tranche expired on 27 November 2013 with 1,244,000 options being exercised from the original 1,560,000 options issued. The eighth tranche expired on the 27 October 2014 with 1,226,000 being exercised from the original 1,505,000 options issued. The ninth tranche became exercisable at a price of $1.38 each from 21 October 2014. Of the 1,437,000 options issued in that tranche, 642,000 are still exercisable at the time of writing this report. The holders have until 20 October 2015 to exercise them. The necessary disclosures will continue to be made in relation to the share options issued by the Group as and when options are exercised or lapse.

Further details of the Executive Share Options Plan can be found in Note 21 (page 45) of the financial statements contained within this Annual Report.

Community Sponsorship

At Briscoe Group we pride ourselves on being a responsible and socially aware corporate citizen.

We are proud to be a key partner of Cure Kids and believe it's important to put our support and resources behind a cause that fits our values. To date we have raised in excess of $4.1 million to help them fund leading-edge research to enhance the quality of life for thousands of kiwi children and their families.

Alaister Wall, Executive Director of Briscoe Group continues as a director of Cure Kids, with support for the charity also coming from throughout the Group and from Group suppliers and other parties we work with.

In addition to our alignment with Cure Kids we support a wide variety of local community-based charities, sports clubs and other initiatives by donating product to support fundraising efforts.

Briscoe Group Scholarship

It is our vision that the Briscoe Group Scholarship will continue the strong tradition Briscoes has in supporting community causes by encouraging employees and their children to up skill and fulfill their education ambitions – a helping hand to make an amazing difference to someone's impact on themselves, their family, their community and wider society.

The Group's partnership with the First Foundation, an organisation very experienced in managing scholarships, brings together mentors, schools, and the scholars themselves to create a proven and holistic four year programme that will include paid work experience, networks, financial support and advice and guidance from personal mentors allowing recipients to reach and achieve their goals and aspirations.

The first three scholarships were awarded in 2013. In 2014 two further scholarships were awarded. These scholarships have all been awarded to regional store team members. In addition to these scholarships we have also assisted a number of our support staff to complete their AUT certificate in Retailing.

It is our intention to continue to support our staff to further their tertiary eduction and we have established relationships with Massey University and AUT to provide a pathway for staff to study for Bachelor of Retail and Business Management. We recognise the benefits derived from encouraging our team members in all parts of the organisation to pursue education. Already 80% of all store staff have completed the in-house education programme BOLT and through the generosity of the RA Duke Trust we are now looking to extend support to those selected employees who want to develop their tertiary education where it has relevance to their career with Briscoe Group.

Directors, Management and Staff

In addition to participating in formal monthly Board meetings throughout the year, the directors attended other meetings of directors and regular meetings of the Board's Audit and Human Resources Committees.

On behalf of my fellow directors, I wish to acknowledge the enormous contributions of all employees to the Group's performance during the year. Their contributions are sincerely appreciated.

Rosanne Meo

Dame Rosanne Meo,
Chairman

Managing Director's Review of Operations

Introduction

Our continued focus on improving the way we do things in every area of the business has again produced substantial profit growth in a market which has been challenging for retailers. The highly competitive sales environment predicted in our Interim Report for the second half of the year, proved to be true but despite the tough trading conditions and a very late start to summer, we continued to drive sales and profit growth. We believe that the best way to protect and grow the value of our retail brands and therefore the performance and value of Briscoe Group is to continue to make them more attractive to customers through the execution of a number of initiatives while simultaneously focusing on executing the retail basics to a very high standard.

We constantly look to improve the quality and range of the product and brands we stock across both the homeware and sporting goods segments. The merchandise team work tirelessly to ensure the right product is in the right place at the right time and while there is always room to do better, our stock availability has improved through the year. Our marketing team has kept the promotional messages fresh, relevant, compelling and most importantly in the right media to serve our customer base.

To improve the quality of service provided in our stores we have continued to invest in training and developing our people. Business Managers, Retail Managers, Assistant Retail Managers as well as stockroom, administration and sales floor staff have all benefitted from the programmes we have delivered, which focus on a wide spectrum of topics including leadership, delegation, inventory management, customer service, product knowledge and health and safety.

Many stores have also benefitted from major and minor development projects throughout the year, which always result in an improved environment for customers.

All of these initiatives and improvements have contributed to the financial results we have achieved this year including higher average sale value, transaction numbers and gross profit margin while reducing the overall cost of doing business as a ratio to sales.

The level of profit generated for the 2014-15 year was another record for Briscoe Group and resulted in rewards additional to base pay for many members of the store and support management teams. Once again we have made a discretionary bonus payment to all full-time and part-time employees not already part of a formal bonus scheme, to recognise the part every team member plays in improving performance.

The strength of the New Zealand dollar throughout much of the financial year allowed the Group to drive aggressive promotions without heavily impacting gross margin and therefore enabling currency benefits to accrue to customers in the form of better prices.

The introduction of scanning technology to receipt stock was a major project for the entire business and all stores were 'live' by the end of September. We have seen a significant improvement in the efficiency of the flow of stock from the back door to the sales floor that certainly made a huge difference in the crucial stock build period before Christmas.

Our online business saw strong sales growth of over 50% for the year. Going forward we will continue to improve the effectiveness, efficiency and capacity of the fulfilment resources to support future growth. We are also actively improving the look and feel of the websites to make it easier for customers to search and shop with us online, and taking other initiatives to improve the shopping experience for online research and online purchases.

Homeware

Briscoes Homeware continued to grow sales throughout the year as well as increase the numbers and quality of brands available in-store. These brands offer our customers a guarantee of quality with the innovation, design and colour content all helping to drive sales. Having witnessed the success of brands such as 'Jamie Oliver' and 'Maxwell and Williams', other brand owners have identified the unique opportunity that Briscoes Homeware presents for their brands in the New Zealand market. During the coming year we will continue to expand the range options available under the most successful brands and also add significant new brands to the ranges where we believe they will meet customer demand and enhance profitability.

The tough market conditions experienced throughout the year necessitated the mix of our marketing messages for Briscoes Homeware to be heavily skewed towards product and price. During this coming year we will maintain the strong product and price messaging but also increase the focus on range, quality and solution-based communications. This will give our customers more information about the full extent of the product range we hold as well as providing inspiration to assist with their purchasing.

During the year eleven Briscoes Homeware stores benefitted from storeroom reconfigurations to improve the efficiency and speed with which stock is processed. While probably not the most glamorous activity these stores have gained major benefit from having improvements in this key area and it complements the new scanning technology introduced during the year for the receipting of inventory. Our Wanganui store was relocated to a new, purpose built site in October and in November the Briscoes Homeware store in Coastlands, Wellington was relocated to a larger purpose-built store adjacent to the existing location.

Sporting Goods

Rebel Sport delivered another year of very strong growth. The price realignment by major suppliers in the previous year continued to flow through making branded sporting clothing and footwear even more affordable to consumers.

Improved stock management by the sporting goods merchandise team helped to keep the stores well stocked throughout the year. The benefits from the introduction of the scanning technology for receipting was especially evident in the Rebel Sport stores, speeding up the flow of stock during the lead up to the key Christmas period as well as ensuring seasonal stock was quickly available to customers when it was most sought after.

During the year a major refurbishment was completed at our Manukau store that included the addition of the first Under Armour brand 'store-in-store' concept in New Zealand.

Store configurations were changed in four Rebel Sport stores to result in improved customer flows and better use of merchandising space. In October the Wanganui store moved to a better location adjacent to the new Briscoes Homeware store and in December we opened a Rebel Sport store in Coastlands which is trading well.

Priorities and Outlook for 2015/16

We look forward to another year of improving and growing our business through a number of different initiatives.

Our store development team has another heavy schedule planned. During the first half of the year two major refurbishments at Invercargill and Gisborne of Briscoes Homeware stores will be completed with the Hamilton and Taupo stores both being relocated to larger and better sites. During the second half of the year a further major refurbishment is planned for the Briscoes Homeware store in Tauranga and an extension and full refit will take place at the Taranaki Street store in Wellington. We are also excited with the five brand new stores planned for next year. Briscoes Homeware and Rebel Sport will open new stores in Westgate (Auckland) and Queenstown while a new Rebel Sport store will also open in Hornby (Christchurch). These major projects will provide customers with brand new, state-of-the-art stores, which can be expected to result in improved customer experience and higher levels of profitability.

A key focus for the merchandise and marketing teams will be the protection of gross profit margin percentage as we experience the effects of a weakening New Zealand dollar. Extensive analysis and modelling has been undertaken to simulate various price-cost-quantity scenarios to ensure we optimise the opportunities and challenges as they arise.

Our Human Resource plan for 2015 incorporates an education and training focus aimed at supporting our business initiatives. We will continue to use and develop our online training tools as they give us the ability to prepare and deliver targeted training solutions, which include sales training, legal compliance and product knowledge. We will also deliver site-based training to individuals and groups targeted at all management levels in our stores covering performance management, leadership, product knowledge and health and safety.

The inventory scanning technology implemented last year will continue to drive benefits and a second phase of enhancements to the system is planned to further improve and streamline the process.

While many commentators are talking up the outlook for the New Zealand economy we anticipate a continuation of recent challenges for retailers. With oil prices at their lowest levels in recent years, the New Zealand dollar weakening against the US dollar, economic problems in Europe and continued instability through the Middle East, it is difficult to predict how the year will unfold. However we are confident that with the initiatives we have in place, our drive to continue to improve the way we do things in every area of the business, and the pleasing start we have made to the new financial year, we will continue to strengthen our position as New Zealand's leading retailer of homeware and sporting goods. We are cautiously optimistic about the year ahead for Briscoe Group.

Rod Duke
GROUP MANAGING DIRECTOR

Financial Statements

The Board of Directors is pleased to present the Financial Statements for Briscoe Group Limited for the 52 week period ended 25 January 2015. The Financial Statements presented are signed for and on behalf of the Board, and were authorised for issue on the date below.

Dame Rosanne Meo	Rod Duke
CHAIRMAN	GROUP MANAGING DIRECTOR

5 March 2015

Income Statements

For the 52 week period ended 25 January 2015

		Group		**Parent**	
		Period ended	Period ended	**Period ended**	Period ended
		25 January 2015	26 January 2014	**25 January 2015**	26 January 2014
	Notes	**$000**	$000	**$000**	$000
Sales revenue	4	**507,063**	483,566	**–**	–
Cost of goods sold		**(309,816)**	(297,392)	**–**	–
Gross profit	4	**197,247**	186,174	**–**	–
Other operating income	5	**2,336**	118	**46,926**	25,519
Store expenses		**(86,968)**	(85,319)	**–**	–
Administration expenses		**(59,493)**	(55,751)	**(16,208)**	(14,496)
Earnings before interest and tax		**53,122**	45,222	**30,718**	11,023
Net finance income	5	**1,767**	1,706	**1,264**	1,298
Profit before income tax		**54,889**	46,928	**31,982**	12,321
Income tax expense	6	**(15,587)**	(13,353)	**(967)**	(909)
Net profit attributable to shareholders	4	**39,302**	33,575	**31,015**	11,412
Earnings per share for profit attributable to shareholders:					
Basic earnings per share (cents)	7	**18.2**	15.6	**14.4**	5.3
Diluted earnings per share (cents)	7	**17.8**	15.3	**14.0**	5.2

The above income statements should be read in conjunction with the accompanying notes.

Statements of Comprehensive Income

For the 52 week period ended 25 January 2015

		Group		Parent	
		Period ended 25 January 2015	Period ended 26 January 2014	**Period ended 25 January 2015**	Period ended 26 January 2014
	Notes	**$000**	$000	**$000**	$000
Net Profit attributable to shareholders		**39,302**	33,575	**31,015**	11,412
Other comprehensive income:					
Items that may be subsequently reclassified to profit or loss:					
Fair value (gain)/loss recycled to income statement		**(22)**	875	**–**	–
Fair value gain taken to the cashflow hedge reserve		**3,901**	113	**–**	–
Deferred tax on fair value gain/(loss) taken to income statement	14	**6**	(245)	**–**	–
Deferred tax on fair value gain taken to cashflow hedge reserve	14	**(1,092)**	(31)	**–**	–
Total other comprehensive income		**2,793**	712	**–**	**–**
Total comprehensive income attributable to shareholders		**42,095**	34,287	**31,015**	11,412

The above statements of comprehensive income should be read in conjunction with the accompanying notes.

Statements of Changes in Equity

For the 52 week period ended 25 January 2015

Group	Notes	Share capital $000	Cashflow hedge reserve $000	Share options reserve $000	Retained earnings $000	Total equity $000
Balance at 27 January 2013		42,317	(635)	922	85,977	128,581
Net profit attributable to shareholders		–	–	–	33,575	33,575
Other comprehensive income:						
Fair value loss recycled to income statement		–	875	–	–	875
Fair value gain taken to the cashflow hedge reserve		–	113	–	–	113
Deferred tax on fair value loss taken to income statement	14	–	(245)	–	–	(245)
Deferred tax on fair value gain taken to cashflow hedge reserve	14	–	(31)	–	–	(31)
Total comprehensive income for the period		–	712	–	33,575	34,287
Transactions with owners:						
Dividends paid	20	–	–	–	(24,700)	(24,700)
Share options charged to income statement	21	–	–	528	–	528
Share options exercised	19,21	2,561	–	(609)	–	1,952
Transfer for share options lapsed and forfeited	21	–	–	(56)	56	–
Balance at 26 January 2014		44,878	77	785	94,908	140,648
Net profit attributable to shareholders		**–**	**–**	**–**	**39,302**	**39,302**
Other comprehensive income:						
Fair value gain recycled to income statement		**–**	**(22)**	**–**	**–**	**(22)**
Fair value gain taken to the cashflow hedge reserve		**–**	**3,901**	**–**	**–**	**3,901**
Deferred tax on fair value gain taken to income statement	14	**–**	**6**	**–**	**–**	**6**
Deferred tax on fair value gain taken to cashflow hedge reserve	14	**–**	**(1,092)**	**–**	**–**	**(1,092)**
Total comprehensive income for the period		**–**	**2,793**	**–**	**39,302**	**42,095**
Transactions with owners:						
Dividends paid	20	**–**	**–**	**–**	**(29,167)**	**(29,167)**
Share options charged to income statement	21	**–**	**–**	**573**	**–**	**573**
Share options exercised	19,21	**1,672**	**–**	**(262)**	**–**	**1,410**
Transfer for share options lapsed and forfeited	21	**–**	**–**	**(38)**	**38**	**–**
Balance at 25 January 2015		**46,550**	**2,870**	**1,058**	**105,081**	**155,559**

Parent	Notes	Share capital $000	Cashflow hedge reserve $000	Share options reserve $000	Retained earnings $000	Total equity $000
Balance at 27 January 2013		42,317	–	922	14,868	58,107
Net profit attributable to shareholders		–	–	–	11,412	11,412
Total comprehensive income for the period		–	–	–	11,412	11,412
Transactions with owners:						
Dividends paid	20	–	–	–	(24,700)	(24,700)
Share options charged to income statement	21	–	–	528	–	528
Share options exercised	19,21	2,561	–	(609)	–	1,952
Transfer for share options lapsed and forfeited	21	–	–	(56)	56	–
Balance at 26 January 2014		44,878	–	785	1,636	47,299
Net profit attributable to shareholders		**–**	**–**	**–**	**31,015**	**31,015**
Total comprehensive income for the period		**–**	**–**	**–**	**31,015**	**31,015**
Transactions with owners:						
Dividends paid	20	**–**	**–**	**–**	**(29,167)**	**(29,167)**
Share options charged to income statement	21	**–**	**–**	**573**	**–**	**573**
Share options exercised	19,21	**1,672**	**–**	**(262)**	**–**	**1,410**
Transfer for share options lapsed and forfeited	21	**–**	**–**	**(38)**	**38**	**–**
Balance at 25 January 2015		**46,550**	**–**	**1,058**	**3,522**	**51,130**

The above statements of changes in equity should be read in conjunction with the accompanying notes.

Balance Sheets

As at 25 January 2015

	Notes	Group 25 January 2015 $000	Group 26 January 2014 $000	Parent 25 January 2015 $000	Parent 26 January 2014 $000
EQUITY					
Share capital	19	**46,550**	44,878	**46,550**	44,878
Cashflow hedge reserve	3(c),8	**2,870**	77	**–**	–
Share options reserve	21	**1,058**	785	**1,058**	785
Retained earnings		**105,081**	94,908	**3,522**	1,636
TOTAL EQUITY		**155,559**	140,648	**51,130**	47,299
LIABILITIES					
Non-current liabilities					
Employee benefits	17	**728**	545	**198**	131
Total non-current liabilities		**728**	545	**198**	131
Current liabilities					
Trade and other payables	15	**65,702**	62,785	**798**	891
Due to related parties	22	**–**	–	**7,441**	6,750
Provisions	16	**138**	96	**–**	–
Employee benefits	17	**8,484**	7,756	**2,608**	2,365
Taxation payable	14(b)	**4,142**	3,349	**–**	–
Derivative financial instruments	3(c)	**1**	205	**–**	–
Total current liabilities		**78,467**	74,191	**10,847**	10,006
TOTAL LIABILITIES		**79,195**	74,736	**11,045**	10,137
TOTAL EQUITY AND LIABILITIES		**234,754**	215,384	**62,175**	57,436
ASSETS					
Non-current assets					
Investments in subsidiaries	11	**–**	–	**2,783**	2,783
Property, plant and equipment	12	**61,621**	54,610	**–**	–
Intangible assets	13	**1,452**	1,435	**–**	–
Deferred tax	14(a)	**929**	1,269	**382**	336
Total non-current assets		**64,002**	57,314	**3,165**	3,119
Current assets					
Cash and cash equivalents	8	**89,690**	84,762	**56,749**	51,402
Trade and other receivables	9	**3,819**	3,624	**1,225**	1,117
Due from related parties	22	**–**	–	**506**	1,394
Inventories	10	**73,507**	69,312	**–**	–
Taxation receivable	14(b)	**–**	–	**530**	404
Derivative financial instruments	3(c)	**3,736**	372	**–**	–
Total current assets		**170,752**	158,070	**59,010**	54,317
TOTAL ASSETS		**234,754**	215,384	**62,175**	57,436

The above balance sheets should be read in conjunction with the accompanying notes.

Statements of Cash Flows

For the 52 week period ended 25 January 2015

		Group		Parent	
		Period ended	Period ended	**Period ended**	Period ended
		25 January 2015	26 January 2014	**25 January 2015**	26 January 2014
	Notes	**$000**	$000	**$000**	$000
OPERATING ACTIVITIES					
Cash was provided from					
Receipts from customers		**507,115**	483,744	**–**	–
Rent received		**995**	114	**–**	–
Dividends received		**4**	4	**29,127**	9,670
Interest received		**1,635**	1,765	**1,148**	1,368
Insurance recovery		**1,337**	–	**–**	–
Management fees received		**–**	–	**17,697**	15,468
Net GST received		**–**	–	**404**	430
		511,086	485,627	**48,376**	26,936
Cash was applied to					
Payments to suppliers		**(378,190)**	(364,388)	**(5,637)**	(4,809)
Payments to employees		**(55,297)**	(52,943)	**(10,072)**	(9,314)
Interest paid		**(6)**	(11)	**(4)**	(7)
Net GST paid		**(17,002)**	(8,319)	**–**	–
Income tax paid		**(15,540)**	(13,874)	**(1,138)**	(989)
		(466,035)	(439,535)	**(16,851)**	(15,119)
Net cash inflows from operating activities		**45,051**	46,092	**31,525**	11,817
INVESTING ACTIVITIES					
Cash was provided from					
Proceeds from sale of property, plant and equipment		**10**	5	**–**	–
		10	5	**–**	–
Cash was applied to					
Purchase of property, plant and equipment	12	**(11,630)**	(15,248)	**–**	–
Purchase of intangible assets	13	**(1,057)**	(922)	**–**	–
		(12,687)	(16,170)	**–**	–
Net cash (outflows) from investing activities		**(12,677)**	(16,165)	**–**	–
FINANCING ACTIVITIES					
Cash was provided from					
Net advances from subsidiaries		**–**	–	**1,579**	9,637
Issue of new shares	19	**1,410**	1,952	**1,410**	1,952
		1,410	1,952	**2,989**	11,589
Cash was applied to					
Dividends paid	20	**(29,167)**	(24,700)	**(29,167)**	(24,700)
		(29,167)	(24,700)	**(29,167)**	(24,700)
Net cash (outflows) from financing activities		**(27,757)**	(22,748)	**(26,178)**	(13,111)
Net increase (decrease) in cash and cash equivalents		**4,617**	7,179	**5,347**	(1,294)
Cash and cash equivalents at beginning of period		**84,762**	77,541	**51,402**	52,696
Foreign cash balance cash flow hedge adjustment		**311**	42	–	–
Cash and cash equivalents at period end	8	**89,690**	84,762	**56,749**	51,402

Statements of Cash Flows continued

For the 52 week period ended 25 January 2015

	Group		Parent	
	Period ended 25 January 2015 $000	Period ended 26 January 2014 $000	**Period ended 25 January 2015 $000**	Period ended 26 January 2014 $000
RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES TO REPORTED NET PROFIT				
Reported net profit attributable to shareholders	**39,302**	33,575	**31,015**	11,412
Items not involving cash flows				
Depreciation and amortisation expense	**5,529**	5,817	**–**	–
Adjustment for fixed increase leases	**30**	117	**–**	–
Bad debts and movement in doubtful debts	**73**	33	**–**	–
Inventory adjustments	**852**	907	**–**	–
Amortisation of executive share options cost	**573**	528	**573**	528
Loss on disposal of assets	**120**	173	**–**	–
	7,177	7,575	**573**	528
Impact of changes in working capital items				
Decrease (increase) in trade and other receivables	**(268)**	(1,122)	**(108)**	(6)
Decrease (increase) in inventories	**(5,047)**	(5,646)	**–**	–
Increase (decrease) in taxation payable	**793**	(212)	**(126)**	(24)
Increase (decrease) in trade payables	**3,402**	4,777	**9**	(116)
Increase (decrease) in other payables and accruals	**(308)**	7,145	**162**	23
	(1,428)	4,942	**(63)**	(123)
	45,051	46,092	**31,525**	11,817

The above statements of cash flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

For the 52 week period ended 25 January 2015

1. Summary of significant accounting policies

These consolidated financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS). The financial statements comply with International Financial Reporting Standards (IFRS).

(a) Basis of preparation of financial statements

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Entities reporting

Briscoe Group Limited ('Company' or 'Parent') and its subsidiaries together are referred to in these financial statements as the Group or the consolidated entity. The Company and its subsidiaries are designated as profit-oriented entities for financial reporting purposes.

The financial statements of the Parent are for the Company as a separate legal entity.

Reporting period

These financial statements are in respect of the 52 week period 27 January 2014 to 25 January 2015 and provide balance sheets as at 25 January 2015. The comparative period is in respect of the 52 week period 28 January 2013 to 26 January 2014. The Group operates on a weekly trading and reporting cycle resulting in 52 weeks for most years with a 53 week year occurring once every 5-6 years.

Statutory base

Briscoe Group Limited is an issuer in terms of the Financial Reporting Act 1993 and is listed on the New Zealand Stock Exchange (NZX).

The financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 1993 and the Companies Act 1993.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivative instruments) at fair value through profit or loss.

Critical accounting estimates, judgements and assumptions

The preparation of financial statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The Directors regularly review all accounting policies and areas of judgement in presenting the financial statements.

Estimates

The Group tests annually whether tangible and intangible assets have suffered any impairment, in accordance with the accounting policy stated in Note 1(h) and as disclosed in Notes 12 and 13.

The Group also reviews at each reporting date, whether the provisions for inventory obsolescence and store shrinkage calculated in accordance with the accounting policy stated in Note 1(k), are adequate. If outcomes within the next financial year are significantly different from assumptions, this could result in adjustments to carrying amounts of the asset or liability affected.

Judgements

The Group assesses whether there are indications, for example loss making stores, for certain trigger events which may indicate that an impairment in property, plant and equipment values exist as at balance date.

(b) Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Briscoe Group Limited as at 25 January 2015 and the results of all subsidiaries for the 52 week period then ended.

Subsidiaries are all entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary is the accumulated fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration agreement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired the difference is recognised directly in the income statement.

Intercompany transactions, balances and unrealised gains on transactions between subsidiary companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

(c) Segment reporting

An operating segment is a component of an entity that engages in business activities which earns revenue and incurs expenses and for which the chief operating decision maker (CODM) reviews the operating results on a regular basis and makes decisions on resource allocation. The Group has determined its CODM to be the group of executives comprising the Managing Director, Chief Operating Officer and Chief Financial Officer on the basis that it is this group which determines the allocation of resources to segments and assesses their performance.

The reportable operating segments of the Group have been determined based on the components of the Group that the CODM monitors in making decisions about operating matters. Such components have been identified on the basis of internal reports that the CODM reviews regularly in order to allocate resources and to assess the performance of the entity. The CODM reviews finance income on a net basis.

The Group is organised into two reportable operating segments, namely homeware and sporting goods, reflecting the different retail sectors solely in New Zealand, within which the Group operates. The Parent holding company is not considered to be a reportable operating segment and as such eliminations and unallocated amounts within Note 4 are primarily attributable to the Parent. The corporate structure of the Group also reflects these segments with its two trading subsidiaries, Briscoes (NZ) Limited and The Sports Authority Limited (trading as Rebel Sport). Financial details of these segments are outlined in Note 4.

(d) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's operations are measured using the currency of the primary economic environment in which it operates ('the functional currency'). The financial statements are presented in New Zealand dollars, which is the Company's functional currency and the Group's presentation currency. All financial information has been presented in thousands, unless otherwise stated.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-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.

(e) Revenue recognition

Revenue comprises the fair value of consideration for the sale of goods and services, net of Goods and Services Tax (GST), rebates and discounts and after eliminating sales within the Group. Revenue is recognised as follows:

Sales of goods – retail

Sales of goods are recognised when a Group entity sells a product to a customer. Retail sales are usually in cash or by credit card.

Interest income

Interest income is recognised on a time-proportionate basis using the effective interest method.

Dividend income

Dividend income is recognised when the right to receive the dividend is established.

(f) Income tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in New Zealand, being the country where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax is not recognised in relation to brands where they are deemed to have an indefinite life.

(g) Leases

The Group is the lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

The Group is the lessor

Rental income (net of any incentives given to lessees) is recognised on a straight line basis over the period of the lease.

(h) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment and whenever there is an indication of an impairment. Assets that have a definite useful life are subject to amortisation or depreciation and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). An impairment loss is recognised for the amount by which an asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell, or value in use.

(i) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less, that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

(j) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment. Trade receivables arise from sales made to customers on credit or through the collection of purchasing rebates from suppliers not otherwise deducted from suppliers' payable accounts.

Trade receivable balances are reviewed on an on-going basis. Debts known to be uncollectible are written off. A provision for impaired receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and inconsistency in timing of payments are considered indicators that the collection of a particular trade receivable is doubtful. The amount of the provision is the difference between an asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement. When a trade receivable is uncollectible, it is written off against the provision. Subsequent recoveries of amounts previously written off are credited against the income statement.

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using a weighted average method and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

(l) Financial assets

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. Loans and receivables are recognised initially at fair value plus transaction costs and are subsequently measured at amortised cost. They are included in current assets, except for those with maturities greater than 12 months after the balance date, which are classified as non-current assets. Loans and receivables are included in receivables in the balance sheet. An assessment is made at each balance date as to whether there is objective evidence that a financial asset or group of financial assets is impaired. Impairment testing of trade receivables is described in Note 9. Regular purchases and sales of financial assets are recognised on the date on which the Group commits to purchase or sell the asset.

(m) Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either: (1) hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedge); or (2) hedges of highly probable forecast transactions (cash flow hedges).

At the inception of a transaction the relationship between hedging instruments and hedged items, as well as the risk management objective and strategy for undertaking various hedge transactions is documented. An assessment is also documented, both at hedge inception and on an on-going basis, of whether the derivatives that are used in hedging transactions have been and will continue to be effective in offsetting changes in fair values or cash flows of hedged items.

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Cash flow hedge

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 the income statement.

Amounts accumulated in other comprehensive income are recycled in the income statement in the periods when a hedged item will affect profit or loss (for instance when the forecast purchase that is hedged takes place). However, when a forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory) or a non-financial liability, the gains and losses previously deferred in other comprehensive income are transferred from other comprehensive income and included in the measurement of the initial cost or carrying amount of the asset or liability.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in other comprehensive income at that time remains in other comprehensive income and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately transferred to the income statement.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of these derivative instruments are recognised immediately in the income statement.

(n) Fair value estimation

The fair value of financial assets and financial liabilities is estimated for recognition, measurement and disclosure purposes.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The significant input is deemed to be the market foreign exchange rate at balance date. The fair value of forward exchange contracts is determined by mark-to-market valuations using forward exchange market rates at the balance date.

(o) Derecognition of financial assets and liabilities

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when the obligations for payment of cash flows have expired or have been transferred and the Group has transferred substantially all of the obligations.

Notes to the Financial Statements

For the 52 week period ended 25 January 2015

(p) Property, plant and equipment

All property, plant and equipment is stated at historical cost less depreciation and any impairment adjustments. Historical cost includes expenditure that is directly attributable to the acquisition of property, plant and equipment.

Subsequent costs are included in an asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with an item will flow to the Group and the cost of an item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost, net of their estimated residual values, over their estimated useful lives, as follows:

- Freehold Buildings 33 years
- Plant and equipment 3 – 15 years

Assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These gains and losses are included in the income statement.

(q) Intangible assets

Software

Software costs have a finite useful life. Software costs are capitalised and amortised on a straight-line basis over the estimated useful economic life of 2 to 5 years. All software has been acquired externally.

(r) Trade and other payables

Trade and other payable amounts represent liabilities for goods and services provided to the Group prior to the end of a financial period, which are unpaid. The amounts are unsecured and are usually paid within 60 days of recognition. They are initially recognised at fair value then subsequently recognised at amortised cost using the effective interest method.

(s) Goods and Services Tax (GST)

The income statements, statements of comprehensive income and statements of cash flows have been prepared exclusive of GST. All items in the balance sheets are stated net of GST, with the exception of trade receivables and trade payables, which include GST invoiced.

(t) Provisions

Provisions are recognised when:

- the Group has a present legal or constructive obligation as a result of past events;
- it is more likely than not that an outflow of resources will be required to settle the obligation; and
- the amount has been reliably estimated.

Notes to the Financial Statements

For the 52 week period ended 25 January 2015

Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

(u) Share capital

Ordinary shares are classified as capital.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(v) Deferred landlord contributions

Landlord contributions to fit-out costs are capitalised as deferred contributions and amortised to the income statement over the period of the lease.

(w) Employee benefits

Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, history of employee departure rates and periods of service. Expected future payments are discounted using market yields at the reporting date on government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Equity-settled, share based compensation

The Executive Share Option Plan allows Group employees to be granted options to acquire shares of the Parent. The fair value of options granted is recognised as an employee expense in the income statement with a corresponding increase in the share options reserve. The fair value is measured at grant date and spread over the vesting periods. The fair value of the options granted is measured using the Black Scholes valuation model, taking into account the terms and conditions upon which the options are granted. When options are exercised the amount in the share options reserve relating to those options, together with the exercise price paid by an employee, is transferred to share capital.

Bonus plans

A liability is recognised for bonuses payable to employees where a contractual obligation arises for an agreed level of payment dependent on both company and individual performance criteria.

(x) Dividends

Provision is made for the amount of any dividend declared on or before the balance date but not distributed at balance date.

(y) Earnings per share

Basic earnings per share is computed by dividing net profit attributable to shareholders by the weighted average number of ordinary shares on issue during the period.

Diluted earnings per share is computed by dividing net profit attributable to shareholders by the weighted average number of ordinary shares on issue during the period, adjusted to include the potentially dilutive effect if share options to issue ordinary shares were exercised and converted into shares.

(z) Statements of cash flows

The following are the definitions of the terms used in the statements of cash flows:

- Cash comprises cash and bank balances (Note 1(i));
- Investing activities are those activities relating to the acquisition, holding and disposal of property, plant and equipment and investments;
- Financing activities are those activities which result in changes in the size and composition of the capital structure of the Group. This includes both equity and debt not falling within the definition of cash. Loans to and from the Parent and subsidiaries are treated as financing cash flows. Dividends paid are included in financing activities; and
- Operating activities include all transactions and other activities that are not investing or financing activities.

2. Accounting standards

The following new standards and amendments to standards were applied during the period;

- ***Amendment to IAS 32: Financial Instruments: Presentation*** (effective 1 January 2014)
  The amendment clarifies requirements for offsetting financial assets and liabilities on the balance sheet. There have been no changes made to the balance sheet as a result of this amendment.
- ***IFRIC 21: Levies*** (effective 1 January 2014)
  Provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with *IAS 37 Provisions, Contingent Liabilities and Contingent Assets* and those where the timing and amount of the levy is certain. The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. This has not materially affected the measurement of any of the items recognised in the balance sheet or the profit and loss in the current period.

Certain new standards, amendments and interpretations of existing standards have been published that are mandatory for later periods and which the Group has not early adopted. These will be applied by the Group in the mandatory periods listed below. The key items applicable to the Group are:

- ***NZ IFRS 9: Financial Instruments*** (effective from annual periods beginning on or after 1 January 2018)
  This standard addresses the classification, measurement and recognition of financial assets and liabilities. It replaces the guidance in *NZ IAS 39 Financial Instruments: Recognition and Measurement* that relates to the classification and measurement of financial instruments. It retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets; amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow

characteristics of the financial asset. Investments in equity are required to be measured at fair value through profit or loss with the irrecoverable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in NZ IAS39.

For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. NZ IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one actually used for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under NZ IAS 39.

The Group intends to apply this standard in the 2018/19 financial year and is yet to assess its full impact.

- ***NZ IFRS 15: Revenue from contracts with customers*** (effective from annual periods beginning on or after 1 January 2017) This standard addresses recognition of revenue from contracts with customers. It replaces the current revenue recognition guidance in *NZ IAS 18 Revenue* and *NZ IAS 11 Construction Contracts* and is applicable to all entities with revenue. It sets out a five step model for revenue recognition to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The Group is yet to assess its full impact.

3. Financial risk management

3.1 Financial risk factors

The Group's activities expose it to various financial risks including liquidity risk, credit risk and market risk (such as currency risk and cash flow interest rate risk). The Group's overall risk management programme seeks to minimise potential adverse effects on the Group's financial performance. The Group uses certain derivative financial instruments to hedge certain risk exposures.

(a) Liquidity risk

Liquidity risk is the risk that an unforeseen event or miscalculation in the required liquidity level will result in the Group foregoing investment opportunities or not being able to meet its obligations in an orderly manner, and therefore gives rise to lower investment income or to higher borrowing costs than otherwise. Prudent liquidity risk management includes maintaining sufficient cash, and ensuring the availability of adequate amounts of funding from credit facilities.

The Group's liquidity exposure is managed by ensuring sufficient levels of liquid assets and committed facilities are maintained based on regular monitoring of a rolling 3-month daily cash requirement forecast. Taking into account the present levels of cash held by the business, this risk is considered by management to be low. The Group's liquidity position fluctuates throughout the year, being strongest immediately after the end of year trading period. The months leading up to Christmas trading put the greatest strain on Group cash flows due to the build-up of inventory as well as the interim dividend payment. The Group has an overdraft facility of $500,000 but to date this has not been utilised.

The table below analyses the Group's financial liabilities and gross-settled forward foreign exchange contracts into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The cash flow hedge 'outflow' amounts disclosed in the table are the contractual undiscounted cash flows liable for payment by the Group in relation to all forward foreign exchange contracts in place at balance date. The cash flow hedge 'inflow' amounts represent the corresponding injection of foreign currency back to the Group as a result of the gross settlement on those contracts, converted using the forward rate at balance date. The carrying value shown is the net amount of derivative financial liabilities and assets as shown in the balance sheet and affects profit when the underlying inventory to which the derivatives relate, is sold.

Trade payables are shown at carrying value in the table. No discounting has been applied as the impact of discounting is not significant.

Group **As at 25 January 2015**	**3 months or less $000**	**3-6 months $000**	**6-9 months $000**	**9-12 months $000**	**Total $000**	**Carrying Value $000**
Trade and other payables	**(65,702)**	**–**	**–**	**–**	**(65,702)**	**(65,702)**
Forward foreign exchange contracts						
Cash flow hedges:						
– outflow	**(17,898)**	**(9,790)**	**(3,495)**	**(2,108)**	**(33,291)**	
– inflow	**19,785**	**11,142**	**3,739**	**2,360**	**37,026**	
– Net	**1,887**	**1,352**	**244**	**252**	**3,735**	**3,735**

As at 26 January 2014	**3 months or less $000**	**3-6 months $000**	**6-9 months $000**	**9-12 months $000**	**Total $000**	**Carrying Value $000**
Trade and other payables	(62,785)	–	–	–	(62,785)	(62,785)
Forward foreign exchange contracts						
Cash flow hedges:						
– outflow	(14,556)	(13,209)	(14,579)	(615)	(42,959)	
– inflow	14,573	13,145	14,789	619	43,126	
– Net	17	(64)	210	4	167	167

The cash flow hedges inflow amounts use the forward rate at balance date.

Parent **As at 25 January 2015**	**3 months or less $000**	**3-6 months $000**	**6-9 months $000**	**9-12 months $000**	**Total $000**	**Carrying Value $000**
Trade and other payables	**(798)**	**–**	**–**	**–**	**(798)**	**(798)**
Due to related parties	**(7,441)**				**(7,441)**	**(7,441)**

As at 26 January 2014	**3 months or less $000**	**3-6 months $000**	**6-9 months $000**	**9-12 months $000**	**Total $000**	**Carrying Value $000**
Trade and other payables	(891)	–	–	–	(891)	(891)
Due to related parties	(6,750)				(6,750)	(6,750)

There are no financial derivative liabilities or assets in the name of the Parent.

(b) Credit risk

Credit risk refers to the risk of a counterparty failing to discharge an obligation. In the normal course of its business, Briscoe Group incurs credit risk from trade receivables and transactions with financial institutions. The Group places its cash, short-term investments and derivative financial instruments with only high-credit- rated, Board-approved financial institutions. Sales to retail customers are settled predominantly in cash or by using major credit cards. Less than 1% of reported sales give rise to trade receivables. The Group holds no collateral over its trade receivables. (Refer also to Notes 1(j) and 9).

(c) Market risk

Foreign exchange risk

The Group is exposed to foreign exchange risk arising from currency exposures primarily to the US dollar, in respect of purchases of inventory directly from overseas suppliers.

The Group's foreign exchange risk is managed in accordance with Board-approved Group Treasury Risk Management Policies. The current policy requires hedging of both committed and forecasted foreign currency payment levels across the current and subsequent three calendar quarters. The policy is to cover 100% of committed purchases and lower levels of forecasted purchases depending on which quarter the forecasted exposure relates to. Hedging is reviewed regularly by management and reported to the Board monthly.

The Group uses forward foreign exchange contracts and maintains short-term holdings of foreign currencies in foreign denominated currency bank accounts, with major financial institutions only, to hedge its foreign exchange risk in anticipation of future purchases.

The following table shows the fair value of forward foreign exchange contracts held by the Group as derivative financial instruments at balance date:

	Group		**Parent**	
	Period ended 25 January 2015 $000	Period ended 26 January 2014 $000	**Period ended 25 January 2015 $000**	Period ended 26 January 2014 $000
Current assets				
Forward foreign exchange contracts	**3,736**	372	**–**	–
Total current derivative financial instrument assets	**3,736**	372	**–**	–
Current liabilities				
Forward foreign exchange contracts	**1**	205	**–**	–
Total current derivative financial instrument liabilities	**1**	205	**–**	–

The contracts are subject to an enforceable master netting arrangement, which allows for net settlement of the relevant asset and liabilities.

Forward foreign exchange contracts – cash flow hedges

Forward foreign exchange contracts are used for hedging committed or highly probable forecast purchases of inventory for the ensuing financial year. The contracts are timed to mature when major shipments of inventory are scheduled to be dispatched and the liability settled. The cash flows are expected to occur at various dates within one year from balance date. Where forward foreign exchange contracts have been designated and tested as an effective hedge the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in other comprehensive income. These gains or losses are released to the income statement at various dates over the subsequent financial year as the inventory for which the hedge exists, is sold.

At balance date these contracts are represented by assets of $3,735,872 (2014: $372,209) and liabilities of $1,200 (2014: $205,102) and together are included in equity as part of the cash flow hedge reserve, net of deferred tax, as a net gain of $2,688,964 (2014: net gain $120,317). The cash flow hedge reserve also consists of gains and losses, net of deferred tax, from foreign currencies used as hedges, as a net gain of $180,532 (2014: net loss of $43,658), refer Note 8. The total of these net gains and losses amount to a net gain of $2,869,496 (2014: net gain $76,659)

When forward foreign exchange contracts are not designated and tested as an effective hedge, the gain or loss on the forward foreign exchange contract is recognised in the income statement. At balance date there are no such contracts in place (2014: Nil).

Fair value hierarchy

The only financial instruments held by the Group in relation to fair value measurements are over-the-counter derivatives. These derivatives have all been determined to be within level 2 of the fair value hierarchy (2014: level 2) as all significant inputs required to ascertain the fair value of these derivatives are observable (refer Note 1(n)). The carrying value is a reasonable approximation for fair value for trade and other receivables, trade and other payables and related parties payables and receivables.

Interest rate risk

The Group has no interest-bearing liabilities therefore its exposure to interest rate risk arises only from the impact on income and operating cash flows as a result of interest-bearing assets, such as cash deposits. The Group's short to medium term liquidity position is monitored daily by management and reported to the Board monthly. Surplus funds are placed on call or short-term deposit with high-credit-rated, Board-approved financial institutions.

Notes to the Financial Statements

For the 52 week period ended 25 January 2015

Sensitivity analysis

Based on historical movements and volatilities and review of current economic commentary the following movements are considered reasonably possible over the next 12 month period:

- A shift of -10% / +10% (2014:-10% / +10%) in the NZD against the USD, from the year-end rate of 0.7438 (2014: 0.8268),
- A shift of +0.5% / -0.5% (2014: +1% / -0.5%) in market interest rates from the year-end weighted average deposit rate of 3.75% (2014: 3.25%).

If these movements were to occur, the positive / (negative) impact on consolidated profit and consolidated equity for each category of financial instrument held at balance date is presented below.

As at 25 January 2015

Group	Carrying amount	Interest rate				Foreign exchange rate			
		-0.5%		+0.5%		-10%		+10%	
		Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity
	$000	$000	$000	$000	$000	$000	$000	$000	$000
Financial Assets:									
Cash and cash equivalents[1.]	**89,690**	**(323)**	**(323)**	**323**	**323**	**–**	**225**	**–**	**(184)**
Derivatives – designated as cashflow hedges (Forward foreign exchange contracts)[2.]	**3,736**	**–**	**–**	**–**	**–**	**–**	**3,176**	**–**	**(2,245)**
Financial liabilities:									
Derivatives – designated as cashflow hedges (Forward foreign exchange contracts)[2.]	**1**	**–**	**–**	**–**	**–**	**–**	**31**	**–**	**(21)**
Total increase / (decrease)		**(323)**	**(323)**	**323**	**323**	**–**	**3,432**	**–**	**(2,450)**

Receivables and payables have not been included above as they are denominated in NZD and are non-interest bearing and therefore not subject to market risk.

1. *Cash and cash equivalents include deposits at call which are at floating interest rates. The sensitivity to a +0.5% / -0.5% movement in interest rates is $322,884 / ($322,884)*
2. *Derivatives designated as cashflow hedges are foreign exchange contracts and foreign currencies used to hedge against the NZD:USD foreign exchange risk arising from foreign denominated future purchases. Based on outputs from a derivative valuation model, a -10% / +10% shift in the NZD:USD foreign exchange rate has an impact of $3,431,838 / ($2,450,321) on derivative and cash valuation. There is no profit and loss sensitivity as the hedges are 100% effective.*

As at 25 January 2015

Parent	Carrying amount	Interest rate			
		-0.5%		+0.5%	
		Profit	Equity	Profit	Equity
	$000	$000	$000	$000	$000
Financial assets:					
Cash and cash equivalents[1.]	**56,749**	**(204)**	**(204)**	**204**	**204**
Total increase / (decrease)		**(204)**	**(204)**	**204**	**204**

1. *Cash and cash equivalents include deposits at call which are at floating interest rates. The sensitivity to a +0.5% / -0.5% movement in interest rates is $204,297 / ($204,297).*

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As at 26 January 2014

Group

	Carrying amount	Interest rate -0.5%		Interest rate +1%		Foreign exchange rate -10%		Foreign exchange rate +10%	
		Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity
	$000	$000	$000	$000	$000	$000	$000	$000	$000
Financial assets:									
Cash and cash equivalents[1.]	84,762	(305)	(305)	610	610	–	405	–	(331)
Derivatives – designated as cashflow hedges (Forward foreign exchange contracts)[2.]	372	–	–	–	–	–	2,569	–	(2,042)
Financial liabilities:									
Derivatives – designated as cashflow hedges (Forward foreign exchange contracts)[2.]	205	–	–	–	–	–	938	–	(761)
Total increase / (decrease)		(305)	(305)	610	610	–	3,912	–	(3,134)

Receivables and payables have not been included above as they are denominated in NZD and are non-interest bearing and therefore not subject to market risk.

1. *Cash and cash equivalents include deposits at call which are at floating interest rates. The sensitivity to a +1% / -0.5% movement in interest rates is $610,287 / ($305,144).*
2. *Derivatives designated as cashflow hedges are foreign exchange contracts and foreign currencies used to hedge against the NZD:USD foreign exchange risk arising from foreign denominated future purchases. Based on outputs from a derivative valuation model, a -10% / +10% shift in the NZD:USD foreign exchange rate has an impact of $3,912,396 / ($3,134,243) on derivative and cash valuation. There is no profit and loss sensitivity as the hedges are 100% effective.*

As at 26 January 2014

Parent	Carrying amount	Interest rate -0.5%		Interest rate +1%	
		Profit	Equity	Profit	Equity
	$000	$000	$000	$000	$000
Financial assets:					
Cash and cash equivalents[1.]	51,402	(185)	(185)	370	370
Total increase / (decrease)		(185)	(185)	370	370

1. *Cash and cash equivalents include deposits at call which are at floating interest rates. The sensitivity to a +1% / -0.5% movement in interest rates is $370,091 / ($185,046).*

Notes to the Financial Statements

For the 52 week period ended 25 January 2015

Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

As at 25 January 2015		**Group**			**Parent**	
	Loans and receivables $000	**Derivatives used for hedging $000**	**Total $000**	**Loans and receivables $000**	**Derivatives used for hedging $000**	**Total $000**
Assets as per balance sheet						
Cash and cash equivalents	**89,690**	**–**	**89,690**	**56,749**	**–**	**56,749**
Trade receivables	**2,621**	**–**	**2,621**	**271**	**–**	**271**
Due from related parties	**–**	**–**	**–**	**506**	**–**	**506**
Derivative financial instruments	**–**	**3,736**	**3,736**	**–**	**–**	**–**
Total	**92,311**	**3,736**	**96,047**	**57,526**	**–**	**57,526**

	Other financial liabilities at amortised cost $000	**Derivatives used for hedging $000**	**Total $000**	**Other financial liabilities at amortised cost $000**	**Derivatives used for hedging $000**	**Total $000**
Liabilities as per balance sheet						
Trade and other payables	**65,702**	**–**	**65,702**	**798**	**–**	**798**
Due to related parties	**–**	**–**	**–**	**7,441**	**–**	**7,441**
Derivative financial instruments	**–**	**1**	**1**	**–**	**–**	**–**
Total	**65,702**	**1**	**65,703**	**8,239**	**–**	**8,239**

As at 26 January 2014		Group			Parent	
	Loans and receivables $000	Derivatives used for hedging $000	Total $000	Loans and receivables $000	Derivatives used for hedging $000	Total $000
Assets per balance sheet						
Cash and cash equivalents	84,762	–	84,762	51,402	–	51,402
Trade receivables	2,594	–	2,594	266	–	266
Due from related parties	–	–	–	1,394	–	1,394
Derivative financial instruments	–	372	372	–	–	–
Total	87,356	372	87,728	53,062	–	53,062

	Other financial liabilities at amortised cost $000	Derivatives used for hedging $000	Total $000	Other financial liabilities at amortised cost $000	Derivatives used for hedging $000	Total $000
Liabilities as per balance sheet						
Trade and other payables	62,785	–	62,785	891	–	891
Due to related parties	–	–	–	6,750	–	6,750
Derivative financial instruments	–	205	205	–	–	–
Total	62,785	205	62,990	7,641	–	7,641

Notes to the Financial Statements

For the 52 week period ended 25 January 2015

3.2 Capital risk management

The Group's objective when managing capital is to achieve a balance between maximising shareholder wealth and ensuring the Group is able to operate competitively with the flexibility to take advantage of growth opportunities as they arise. Capital is defined by the Group to be Total Equity as shown in the balance sheet. In order to meet these objectives the Group may adjust the amount of dividend payment made to shareholders and/or seek to raise capital through debt and/or equity. There are no specific banking or other arrangements which require the Group to maintain specified equity levels.

4. Segment information

The Group has two reportable operating segments that are defined by the retail sectors within which the Group operates, namely homeware and sporting goods. The following is an analysis of the Group's revenue and results by operating segment. Revenue reported below is generated solely in New Zealand from sales to external customers and due to the nature of the retail businesses there is no reliance on any individual customer. There were no inter-segment sales in the period (2014: Nil).

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 1(c).

Information regarding the operations of each reportable operating segment is included below. Segment profit represents the profit earned by each segment and reflects the income statements associated with the two trading subsidiary companies, Briscoes (NZ) Limited and The Sports Authority Limited (trading as Rebel Sport).

For the period ended 25 January 2015	Homeware $000	Sporting goods $000	Eliminations/ Unallocated $000	Total Group $000
INCOME STATEMENT				
Total sales revenue	**337,190**	**169,873**	**–**	**507,063**
Gross profit	**129,305**	**67,942**	**–**	**197,247**
Earnings before interest and tax	**33,169**	**18,362**	**1,591**	**53,122**
Net finance income	**–**	**503**	**1,264**	**1,767**
Income tax expense	**(9,335)**	**(5,285)**	**(967)**	**(15,587)**
Net profit after tax	**23,834**	**13,580**	**1,888**	**39,302**
BALANCE SHEET ITEMS:				
Assets	**124,617**	**61,056**	**49,081**[1.]	**234,754**
Liabilities	**46,749**	**31,712**	**734**	**79,195**
OTHER SEGMENTAL ITEMS:				
Acquisitions of property, plant and equipment, intangibles and investments	**10,624**	**2,063**	**–**	**12,687**
Depreciation and amortisation	**3,774**	**1,755**	**–**	**5,529**

1.	*Cash and bank balances*	*56,749*
	Intercompany eliminations	*(9,050)*
	Other balances	*1,382*
	Total	*49,081*

For the period ended 26 January 2014	Homeware $000	Sporting goods $000	Eliminations/ Unallocated $000	Total Group $000
INCOME STATEMENT				
Total sales revenue	326,726	156,840	–	483,566
Gross profit	124,954	61,220	–	186,174
Earnings before interest and tax	31,227	12,644	1,351	45,222
Net finance income	(3)	411	1,298	1,706
Income tax expense	(8,783)	(3,661)	(909)	(13,353)
Net profit after tax	22,441	9,394	1,740	33,575
BALANCE SHEET ITEMS:				
Assets	110,367	59,508	45,509[1.]	215,384
Liabilities	44,604	29,140	992	74,736
OTHER SEGMENTAL ITEMS:				
Acquisitions of property, plant and equipment, intangibles and investments	14,184	1,986	–	16,170
Depreciation and amortisation expense	3,872	1,945	–	5,817

1.	*Cash and bank balances*	*51,402*
	Intercompany eliminations	*(8,740)*
	Other balances	*2,847*
	Total	*45,509*

5. Income and expenses

	Group		Parent	
	Period ended 25 January 2015 $000	Period ended 26 January 2014 $000	**Period ended 25 January 2015 $000**	Period ended 26 January 2014 $000
Profit before income tax includes the following specific income and expenses:				
Income				
Rental income	**995**	114	**–**	–
Dividends received	**4**	4	**29,127**	9,670
Insurance recovery	**1,337**	–	**–**	–
Management fees	**–**	–	**17,799**	15,849
Finance income	**1,773**	1,717	**1,268**	1,305
Expenses				
Operating lease rental expense	**28,515**	28,240	**–**	–
Bad debts written off	**73**	33	**–**	–
Amounts paid to auditors:				
Statutory Audit	**97**	101	**97**	101
Half year review	**26**	25	**26**	25
Directors' fees	**218**	186	**218**	186
Share options expense (refer Note 21)	**573**	528	**573**	528
Wages, salaries and other short term benefits	**56,781**	53,561	**10,956**	9,906
Loss on disposal of property, plant and equipment	**120**	173	**–**	–
Inventory write-down expense	**1,276**	1,435	**–**	–
Finance expense	**6**	11	**4**	7
Depreciation of property, plant and equipment	**4,489**	5,023	**–**	–
Amortisation of software costs	**1,040**	794	**–**	–

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For the 52 week period ended 25 January 2015

6. Income tax expense

	Group		Parent	
	Period ended 25 January 2015 $000	Period ended 26 January 2014 $000	**Period ended 25 January 2015 $000**	Period ended 26 January 2014 $000
(a) Income tax expense				
Current tax expense:				
Current tax	**15,548**	13,033	**921**	837
Adjustments for prior years	**785**	629	**92**	128
	16,333	13,662	**1,013**	965
Deferred tax expense:				
Decrease in future tax benefit current year	**47**	305	**53**	72
Adjustments for prior years	**(793)**	(614)	**(99)**	(128)
	(746)	(309)	**(46)**	(56)
Total income tax expense	**15,587**	13,353	**967**	909
(b) Reconciliation of income tax expense to tax rate applicable to profits				
Profit before income tax expense	**54,889**	46,928	**31,982**	12,320
Tax at the corporate rate of 28% (2014: 28%)	**15,369**	13,140	**8,955**	3,450
Tax effect of amounts which are either non-deductible or non-assessable in calculating taxable income:				
Income not subject to tax	**(7)**	(12)	**(8,156)**	(2,708)
Expenses not deductible for tax	**233**	209	**175**	168
Prior period adjustments	**(8)**	16	**(7)**	(1)
Total income tax expense	**15,587**	13,353	**967**	909

The Group has no tax losses (2014: Nil) and no unrecognised temporary differences (2014: Nil)

Notes to the Financial Statements

For the 52 week period ended 25 January 2015

7. Earnings per share

Basic earnings per share is computed by dividing net profit attributable to shareholders by the weighted average number of ordinary shares on issue during the period.

Diluted earnings per share is computed by dividing net profit attributable to shareholders by the weighted average number of ordinary shares on issue during the period, adjusted to include the potentially dilutive effect if share options to issue ordinary shares were exercised and converted into shares.

	Group		Parent	
	Period ended 25 January 2015	Period ended 26 January 2014	**Period ended 25 January 2015**	Period ended 26 January 2014
Net profit attributable to shareholders $000	**39,302**	33,575	**31,015**	11,412
Basic				
Weighted average number of ordinary shares on issue (thousands)	**216,173**	214,912	**216,173**	214,912
Basic earnings per share	**18.2 cents**	15.6 cents	**14.4 cents**	5.3 cents
Diluted				
Weighted average number of ordinary shares on issue adjusted for share options issued but not exercised (thousands)	**221,350**	219,867	**221,350**	219,867
Diluted earnings per share	**17.8 cents**	15.3 cents	**14.0 cents**	5.2 cents

8. Cash and cash equivalents

	Group		Parent	
	Period ended 25 January 2015 $000	Period ended 26 January 2014 $000	**Period ended 25 January 2015 $000**	Period ended 26 January 2014 $000
Cash at bank or in hand	**89,690**	84,762	**56,749**	51,402

The carrying amount for cash and cash equivalents equals the fair value.

As at 25 January 2015 the Group held foreign currency equivalent to NZ$ 2.812 million (2014: NZ$ 5.074 million) which is included in the table above. The foreign currency in which the Group primarily deals is the US Dollar.

Foreign currency cash – cash flow hedges (cash flow hedge reserve)

Foreign currency cash balances are used for hedging committed or highly probable forecast purchases of inventory for the ensuing financial year. The foreign currency purchases are held and allocated by calendar quarter to the highly probable forecast purchases which are timed to mature when major shipments of inventory are scheduled to be dispatched and the liability settled. The cash flows are expected to occur at various dates within one year from balance date.

In respect of foreign currency balances that have been designated and tested as an effective hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in other comprehensive income. These gains or losses are released to the income statement at various dates over the subsequent financial year as the inventory for which the hedge exists, is sold. At balance date foreign currency gains of $250,739 (2014: losses of $60,636) in relation to foreign currency balances, were included in equity as part of the cash flow hedge reserve, net of deferred tax, as a net gain of $180,532 (2014: net loss of $43,658). The cash flow hedge reserve, net of deferred tax, from forward foreign exchange contracts used as hedges, represents a net gain of $2,688,964 (2014: net gain of $120,317), refer note 3(c). The total of these amount to a net gain of $2,869,496 (2014: net gain of $76,659).

In respect of foreign currency balances that are not designated and tested as an effective hedge, the gain or loss as at balance date is recognised in the income statement. At balance date there are no such balances (2014: Nil).

9. Trade and other receivables

	Group		Parent	
	Period ended 25 January 2015 $000	Period ended 26 January 2014 $000	**Period ended 25 January 2015 $000**	Period ended 26 January 2014 $000
Trade receivables	**1,964**	1,900	**–**	–
Provision for impaired receivables	**–**	(2)	**–**	–
Net trade receivables	**1,964**	1,898	**–**	–
Prepayments	**1,198**	1,030	**954**	851
Other receivables	**657**	696	**271**	266
Total trade and other receivables	**3,819**	3,624	**1,225**	1,117

The fair value of trade and other receivables approximates their carrying value.
No interest is charged on trade receivables.

As at 25 January 2015, trade receivables of $13,732 (2014: $17,556) were past due but not considered impaired. These relate to a number of accounts for which there is no recent history of default. The aging analysis of these receivables is shown below:

Receivables past due not impaired	Group		Parent	
	Period ended 25 January 2015 $000	Period ended 26 January 2014 $000	**Period ended 25 January 2015 $000**	Period ended 26 January 2014 $000
Months past due:				
0 – 3	**13**	17	**–**	–
4 – 6	**–**	1	**–**	–
6 +	**–**	–	**–**	–
Total	**13**	18	**–**	–

There are no receivables that would otherwise be past due or impaired whose terms have been renegotiated.

As at 25 January 2015, trade receivables of Nil (2014: $1,704) were considered impaired. No provision has therefore been provided (2014: $1,704). The aging of these impaired receivables which have been provided for is shown below:

Receivables impaired	Group		Parent	
	Period ended 25 January 2015 $000	Period ended 26 January 2014 $000	**Period ended 25 January 2015 $000**	Period ended 26 January 2014 $000
Months past due:				
0 – 3	**–**	–	**–**	–
4 – 6	**–**	1	**–**	–
6 +	**–**	1	**–**	–
Total	**–**	2	**–**	–

Movements in the provision for impaired receivables are shown below:

	Group		Parent	
	Period ended 25 January 2015 $000	Period ended 26 January 2014 $000	**Period ended 25 January 2015 $000**	Period ended 26 January 2014 $000
Opening balance	**2**	12	**–**	–
Provision for impaired receivables	**–**	2	**–**	–
Receivables written off during the year	**(2)**	–	**–**	–
Unused amounts reversed	**–**	(12)	**–**	–
Closing balance	**–**	2	**–**	–

The creation and release of provision for impaired receivables is included in ‘store expenses’ in the income statement. Amounts charged to the provision are generally written off when there is no expectation of recovering additional cash.

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

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10. Inventories

	Group		Parent	
	Period ended 25 January 2015 $000	Period ended 26 January 2014 $000	**Period ended 25 January 2015 $000**	Period ended 26 January 2014 $000
Finished goods	**77,070**	72,612	**–**	–
Inventory adjustments	**(3,563)**	(3,300)	**–**	–
Net inventories	**73,507**	69,312	**–**	–

Inventory adjustments are provided at period end for stock obsolescence and store inventory shrinkage.

11. Investments in subsidiaries

(a) Investments

	Group		Parent	
	Period ended 25 January 2015 $000	Period ended 26 January 2014 $000	**Period ended 25 January 2015 $000**	Period ended 26 January 2014 $000
Shares in subsidiaries	**–**	–	**2,783**	2,783
Total Investments in subsidiaries	**–**	–	**2,783**	2,783

(b) Principal subsidiaries

Name	**Activity**	**2015 Interest**	2014 Interest
Briscoes (New Zealand) Limited	Homeware retail	**100%**	100%
The Sports Authority Limited (trading as Rebel Sport)	Sporting goods retail	**100%**	100%
Rebel Sport Limited	Name protection	**100%**	100%
Living and Giving Limited	Name protection	**100%**	100%

All companies above were incorporated in New Zealand and have a balance date consistent with that of the Parent as outlined in the accounting policies.

12. Property, plant and equipment

Group	Land & buildings $000	Plant and equipment $000	Total $000
At 27 January 2013			
Cost	30,571	76,397	106,968
Accumulated depreciation	(3,599)	(58,584)	(62,183)
Accumulated impairment	–	(222)	(222)
Net book value	26,972	17,591	44,563
Period ended 26 January 2014			
Opening net book value	26,972	17,591	44,563
Additions	11,462	3,786	15,248
Disposals	–	(178)	(178)
Depreciation charge	(453)	(4,570)	(5,023)
Closing net book value	37,981	16,629	54,610
At 26 January 2014			
Cost	42,033	77,054	119,087
Accumulated depreciation	(4,052)	(60,393)	(64,445)
Accumulated impairment	–	(32)	(32)
Net book value	37,981	16,629	54,610
Period ended 25 January 2015			
Opening net book value	**37,981**	**16,629**	**54,610**
Additions	**7,615**	**4,015**	**11,630**
Disposals	**–**	**(130)**	**(130)**
Depreciation charge	**(551)**	**(3,938)**	**(4,489)**
Closing net book value	**45,045**	**16,576**	**61,621**
At 25 January 2015			
Cost	**49,648**	**77,738**	**127,386**
Accumulated depreciation	**(4,603)**	**(61,145)**	**(65,748)**
Accumulated impairment	**–**	**(17)**	**(17)**
Net book value	**45,045**	**16,576**	**61,621**

The Parent has no property, plant and equipment.

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13. Intangible assets

Group	Computer Software $000
At 27 January 2013	
Cost	7,044
Accumulated amortisation	(5,737)
Accumulated impairment	–
Net book amount	1,307
Period ended 26 January 2014	
Opening net book amount	1,307
Additions	922
Disposals	–
Amortisation charge	(794)
Closing net book amount	1,435
At 26 January 2014	
Cost	7,944
Accumulated amortisation	(6,509)
Accumulated impairment	–
Net book amount	1,435
Period ended 25 January 2015	
Opening net book amount	**1,435**
Additions	**1,057**
Disposals	**–**
Amortisation charge	**(1,040)**
Closing net book amount	**1,452**
At 25 January 2015	
Cost	**8,739**
Accumulated amortisation	**(7,287)**
Accumulated impairment	**–**
Net book amount	**1,452**

The Parent has no intangible assets.

14. Taxation

(a) Deferred tax benefit

Group

	Depreciation $000	Provisions $000	Derivative financial instruments $000	Total $000
At 27 January 2013	(774)	1,764	247	1,237
Credited to the income statement	118	190	–	308
Net charged to other comprehensive income	–	–	(276)[1.]	(276)
At 26 January 2014	(656)	1,954	(29)	1,269
Credited to the income statement	**16**	**730**	**–**	**746**
Net charged to other comprehensive income	**–**	**–**	**(1,086)[1.]**	**(1,086)**
At 25 January 2015	**(640)**	**2,684**	**(1,115)**	**929**

1. *Net charged to other comprehensive income comprises deferred tax on fair value (gain)/loss taken to income statement of ($6,289) (2014:$245,121) and deferred tax on fair value gain taken to cashflow hedge reserve of $1,092,392 (2014: $31,285)*

Parent

	Depreciation $000	Provisions $000	Derivative financial instruments $000	Total $000
At 27 January 2013	–	280	–	280
Credited to the income statement	–	56	–	56
At 26 January 2014	–	336	–	336
Credited to the income statement	**–**	**46**	**–**	**46**
At 25 January 2015	**–**	**382**	**–**	**382**

Net deferred tax asset / (liability)	**Group**		**Parent**	
	Period ended 25 January 2015 $000	Period ended 26 January 2014 $000	**Period ended 25 January 2015 $000**	Period ended 26 January 2014 $000
Deferred tax assets				
– to be recovered within 12 months	**2,473**	1,769	**345**	299
– to be recovered after more than 12 months	**1,616**	1,692	**37**	37
	4,089	3,461	**382**	336
Deferred tax liabilities				
– to be settled within 12 months	**(1,248)**	(185)	**–**	–
– to be settled after more than 12 months	**(1,912)**	(2,007)	**–**	–
	(3,160)	(2,192)	**–**	–
Deferred tax asset (net)	**929**	1,269	**382**	336

Notes to the Financial Statements

For the 52 week period ended 25 January 2015

(b) Taxation (payable)/receivable	Group		Parent	
	Period ended 25 January 2015 $000	Period ended 26 January 2014 $000	**Period ended 25 January 2015 $000**	Period ended 26 January 2014 $000
Movements:				
Balance at beginning of period	**(3,349)**	(3,561)	**404**	380
Current tax	**(16,333)**	(13,662)	**(1,013)**	(965)
Tax paid	**15,351**	13,714	**950**	829
Foreign investor tax credit (FITC)	**189**	160	**189**	160
Balance at end of period	**(4,142)**	(3,349)	**530**	404

15. Trade and other payables

	Group		Parent	
	Period ended 25 January 2015 $000	Period ended 26 January 2014 $000	**Period ended 25 January 2015 $000**	Period ended 26 January 2014 $000
Trade payables	**47,501**	44,099	**403**	394
Other payables and accruals	**18,201**	18,686	**395**	497
Total trade and other payables	**65,702**	62,785	**798**	891

The fair value of trade and other payables approximates their carrying value. No interest is paid on payables.

16. Provisions

	Group		Parent	
	Period ended 25 January 2015 $000	Period ended 26 January 2014 $000	**Period ended 25 January 2015 $000**	Period ended 26 January 2014 $000
Balance at beginning of period	**96**	89	**–**	–
Charged to income statement	**138**	96	**–**	–
Used during the period	**(96)**	(89)	**–**	–
Balance at end of period	**138**	96	**–**	–

Provisions shown above relate to returns in relation to sales of goods directly imported by the Group. Provisions relating to inventory, receivables and employee benefits have been treated as part of those specific balances. There are no other provisions relating to these financial statements.

Provisions have been classified as current as they are expected to be fully utilised in the next twelve months.

17. Employee Benefits

Employee benefits include provision for annual leave, long service leave, sick leave and bonuses.

	Group		Parent	
	Period ended 25 January 2015 $000	Period ended 26 January 2014 $000	**Period ended 25 January 2015 $000**	Period ended 26 January 2014 $000
(a) Non-current liabilities				
Balance at beginning of period	**545**	575	**131**	150
Charged to income statement	**258**	103	**79**	41
Used during the period	**(75)**	(133)	**(12)**	(60)
Balance at end of period	**728**	545	**198**	131
(b) Current liabilities				
Balance at beginning of period	**7,756**	7,638	**2,365**	2,281
Charged to income statement	**9,233**	8,608	**2,429**	2,148
Used during the period	**(8,505)**	(8,490)	**(2,186)**	(2,064)
Balance at end of period	**8,484**	7,756	**2,608**	2,365

18. Imputation credits

	Group		Parent	
	Period ended 25 January 2015 $000	Period ended 26 January 2014 $000	**Period ended 25 January 2015 $000**	Period ended 26 January 2014 $000
Imputation credits available for use in subsequent accounting periods	**51,039**	47,058	**2,523**	1,888

The above amounts represent the balance of the imputation account as at the end of the reporting period, adjusted for:

a) Imputation credits that will arise from the payment of the provision for income tax

b) Imputation debits that will arise from the payment of dividends recognised as liabilities at the reporting date and;

c) Imputation credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

The consolidated amounts include imputation credits that would be available to the Parent if subsidiaries paid dividends.

19. Share capital

All shares on issue are fully paid. All ordinary shares rank equally with one vote attached to each fully paid ordinary share and have equal dividend rights and no par value.

	Group and Parent			
	No. of authorised shares		Share capital	
	Period ended 25 January 2015 Shares	Period ended 26 January 2014 Shares	**Period ended 25 January 2015 $000**	Period ended 26 January 2014 $000
Opening ordinary shares	**215,534,000**	213,697,500	**44,878**	42,317
Issue of ordinary shares during the period:				
Exercise of options	**1,058,500**	1,836,500	**1,672**[1.]	2,561[1.]
Balance at end of period	**216,592,500**	215,534,000	**46,550**	44,878

1. *When options are exercised the amount in the share options reserve relating to those options exercised, together with the exercise price paid by the employee, is transferred to share capital. The amounts transferred for the 1,058,500 shares issued during the period ended 25 January 2015 were $261,941 and $1,410,050 respectively (2014: $609,069 and $1,952,050 respectively for the 1,836,500 shares issued).*

20. Dividends paid

	Group and Parent			
	Period ended 25 January 2015 Cents per share	Period ended 26 January 2014 Cents per share	**Period ended 25 January 2015 $000**	Period ended 26 January 2014 $000
Interim dividend for the period ended 25 January 2015	**5.50**	–	**11,887**	–
Final dividend for the period ended 26 January 2014	**8.00**	–	**17,280**	–
Interim dividend for the period ended 26 January 2014	**–**	4.50	**–**	9,670
Final dividend for the period ended 27 January 2013	**–**	7.00	**–**	15,030
	13.50	11.50	**29,167**	24,700

All dividends paid were fully imputed. Supplementary dividends of $188,983 (2014: $159,541) were provided to shareholders not tax resident in New Zealand, for which the Group received a Foreign Investor Tax Credit entitlement.

Notes to the Financial Statements

For the 52 week period ended 25 January 2015

21. Executive share options

On 25 July 2003 the Board approved an Executive Share Option Plan to issue options to selected senior executives and, subject to shareholder approval, to Executive Directors. Options may be exercised in part or in full by the holder three years after the date of issue, and lapse after four years if not exercised. Each option entitles the holder to one ordinary share in the capital of the Company. The exercise price is determined by the Board but is generally set by reference to the weighted average market price of ordinary shares in the Company for the period of five business days before, as the Board in its discretion sees fit, either:

(a) the date on which allocations are decided by the Board; or

(b) the date on which allocations are made.

Payment must be made in full for all options exercised within 5 days of the date they are exercised.

During the financial year the Company issued 1,660,000 options (2014: 1,537,000) to senior executives.

The fair value of these options is estimated at $606,564 (2014: $426,979) under the Black Scholes valuation model using the following inputs and assumptions:

- Risk free interest rate 3.80% (2014: 3.17%)
- Expected dividend yield 5.28% (2014: 4.89%)
- Expected life (years) 3.65 (2014: 3.65)
- Share price at grant date $2.70 (2014: $2.30)
- Exercise price $2.64 (2014: $2.43)
- Expected share volatility 23.90% (2014: 25.50%)

The expected share volatility is derived by analysing the historic volatility over a recent historical period similar to the term of the options.

The estimated fair value for each tranche of options issued is amortised over the vesting period of three years, from the grant date. The Company has recognised a compensatory expense in the income statement of $573,440 (2014: $527,926) which represents this amortisation.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	Period ended 25 January 2015		Period ended 26 January 2014	
	Average exercise price $ per share	**Options 000**	Average exercise price $ per share	Options 000
Balance at beginning of year	**1.74**	**4,997**	1.30	5,425
Issued	**2.64**	**1,660**	2.43	1,537
Forfeited	**1.92**	**(75)**	1.47	(55)
Exercised	**1.33**	**(1,059)**	1.06	(1,837)
Lapsed	**1.30**	**(47)**	0.95	(73)
Balance at end of year	**2.09**	**5,476**	1.74	4,997

Weighted average share price for options exercised during the period $2.65 (2014: $2.39).

Of the 5,476,000 outstanding options, 927,000 are currently exercisable (2014: 680,500).

Share options outstanding at the end of the year have the following expiry dates, exercise dates and exercise prices:

Expiry Month		Exercise Month		Exercise Price	Period ended 25 January 2015 000	Period ended 26 January 2014 000
October	2014	October	2013		**–**	681
October	2015	October	2014	$1.38	**927**	1,372
October	2016	October	2015	$1.55	**1,387**	1,407
July	2017	July	2016	$2.43	**1,502**	1,537
July	2018	July	2017	$2.64	**1,660**	–
Total share options outstanding					**5,476**	4,997

The weighted average remaining contractual life of options outstanding at the end of the period was 2.32 years (2014: 2.43)

Share options reserve	Group		Parent	
	Period ended 25 January 2015 $000	Period ended 26 January 2014 $000	Period ended 25 January 2015 $000	Period ended 26 January 2014 $000
Balance at beginning of year	**785**	922	**785**	922
Current year amortisation	**573**	528	**573**	528
Options forfeited and lapsed transferred to retained earnings	**(38)**	(56)	**(38)**	(56)
Options exercised transferred to share capital	**(262)**	(609)	**(262)**	(609)
Balance at end of year	**1,058**	785	**1,058**	785

22. Related party transactions

During the period the Company advanced and repaid loans to its subsidiaries by way of internal current accounts. In presenting the financial statements of the Group, the effect of transactions and balances between fellow subsidiaries and those with the Parent have been eliminated. No interest is charged on internal current accounts. All transactions with related parties were in the normal course of business and provided on commercial terms.

Material transactions between the Company and its subsidiaries were:

	Period ended 25 January 2015 $000	Period ended 26 January 2014 $000
Management fees charged by the Company to:		
Briscoes (NZ) Limited	**11,775**	10,640
The Sports Authority Limited (trading as Rebel Sport)	**6,024**	5,209
Total management fees	**17,799**	15,849
Dividends received by the Company from:		
Briscoes (NZ) Limited	**14,564**	4,835
The Sports Authority Limited (trading as Rebel Sport)	**14,563**	4,835
Total dividends received	**29,127**	9,670

Notes to the Financial Statements

For the 52 week period ended 25 January 2015

Material amounts outstanding between the Company and its subsidiaries at year end were:

	Period ended 25 January 2015 $000	Period ended 26 January 2014 $000
Loan to the Company from Briscoes (NZ) Limited	**(7,441)**	(6,750)
Loan from the Company to The Sports Authority Limited (trading as Rebel Sport)	**506**	1,394
Total loans to the Company from subsidiaries	**(6,935)**	**(5,356)**

In addition the Group undertook transactions with the following related parties as detailed below:

- The RA Duke Trust, of which RA Duke and AJ Wall are trustees, as owner of the Rebel Sport premises at Panmure, Auckland, received rental payments of $610,000 (2014: $580,000) from the Group, under an agreement to lease premises to The Sports Authority Limited (trading as Rebel Sport).
- The RA Duke Trust received dividends of $22,822,224 (2014: $19,377,886).
- P Duke, spouse of the Managing Director, received payments of $65,000 (2014: $65,000) in relation to her employment as an overseas buying specialist with Briscoe Group Limited, and rental payments of $751,622 (2014: $669,671) as owner of the Briscoes Homeware premises at Panmure, Auckland under an agreement to lease premises to Briscoes (NZ) Limited.
- The Hualien Trust, of which P Duke is a trustee, received dividends of $156,200 (2014: $145,475)

Directors received directors' fees and dividends in relation to their personally held shares as detailed below:

	Period ended 25 January 2015		Period ended 26 January 2014	
	Directors' Fees $000	**Dividends $000**	Directors' Fees $000	Dividends $000
Executive Director				
RA Duke	**–**	**–**	–	–
AJ Wall	**–**	**30**	–	25
Non-Executive Directors				
SH Johnstone	**65**	**135**	65	115
RPO'L Meo	**95**	**–**	95	–
MM Devine	**58**	**2**	26	–
	218	**167**	186	140

The following Directors received dividends in relation to their non-beneficially held shares as detailed below:

	Period ended 25 January 2015 $000	Period ended 26 January 2014 $000
Executive Director		
RA Duke[1.]	**22,822**	19,378
AJ Wall[1.,2.]	**22,988**	19,519
Non-Executive Directors		
SH Johnstone	**–**	–
RPO'L Meo	**14**	12
MM Devine	**–**	–

1. *The RA Duke Trust, of which RA Duke and AJ Wall are trustees, received dividends of $22,822,224 during the period (2014: $19,377,886)*
2. *The Tunusa Trust, of which AJ Wall is a trustee, received dividends of $166,050 during the period (2014: $141,450).*

Key management compensation was as follows:

	Group		Parent	
	Period ended 25 January 2015 $000	Period ended 26 January 2014 $000	Period ended 25 January 2015 $000	Period ended 26 January 2014 $000
Salaries and other short term employee benefits	**3,020**	2,814	**3,020**	2,814
Share options benefit	**143**	134	**143**	134
Directors' fees	**218**	186	**218**	186
Total benefits	**3,381**	3,134	**3,381**	3,134

Key management includes the Directors of the Company and those employees who the Company has deemed to have disclosure obligations under subpart 6 of the Financial Markets Conduct Act 2013.

Key management did not receive any termination benefits during the period (2014: Nil). In addition key management did not receive and are not entitled to receive any post employment or long term benefits (2014: Nil).

Notes to the Financial Statements

For the 52 week period ended 25 January 2015

23. Capital expenditure commitments

	Group		Parent	
	Period ended 25 January 2015 $000	Period ended 26 January 2014 $000	**Period ended 25 January 2015 $000**	Period ended 26 January 2014 $000
Commitments in relation to fit-out and property projects at the end of the period not provided for in the financial statements	**8,607**	5,066	**–**	–

24. Operating lease rental commitments

	Group		Parent	
	Period ended 25 January 2015 $000	Period ended 26 January 2014 $000	**Period ended 25 January 2015 $000**	Period ended 26 January 2014 $000
Lease commitments expire as follows:				
Within one year	**23,731**	23,351	**–**	–
One to two years	**19,012**	20,267	**–**	–
Two to five years	**35,548**	34,177	**–**	–
Beyond five years	**26,902**	28,631	**–**	–
Total operating lease rental commitments	**105,193**	106,426	**–**	–

The Group leases various retail outlets under non-cancellable operating lease agreements. The leases reflect normal commercial arrangements with varying terms, escalation clauses and renewal rights.

25. Contingent liabilities

There were no contingent liabilities as at 25 January 2015 (2014: Nil).

26. Events after balance date

On 5 March 2015 the Directors resolved to provide for a final dividend to be paid in respect of the year ended 25 January 2015. The dividend will be paid at a rate of 8.50 cents per share for all shares on issue as at 20 March 2015, with full imputation credits attached.

Since balance date and up to the date of these financial statements a further 205,000 ordinary shares have been issued under the Executive Share Option Plan as a result of executives exercising share options.

Independent Auditors' Report
to the shareholders of Briscoe Group Limited

Report on the Financial Statements
We have audited the financial statements of Briscoe Group Limited ("the Company") on pages 9 to 49, which comprise the balance sheets as at 25 January 2015, the income statements, statements of comprehensive income and statements of changes in equity and statements of cash flows for the period then ended, and the notes to the financial statements that include a summary of significant accounting policies and other explanatory information for both the Company and the Group. The Group comprises the Company and the entities it controlled at 25 January 2015 or from time to time during the financial period.

Directors' Responsibility for the Financial Statements
The Directors are responsible for the preparation of these financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate and for such internal controls as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand) and International Standards on Auditing. These standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider the internal controls relevant to the Company and the Group's preparation of financial statements that give a true and fair view of the matters to which they relate, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Company and the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

We are independent of the Group. Other than in our capacity as auditors we have no relationship with, or interests in, the Group.

PricewaterhouseCoopers, 188 Quay Street, Private Bag 92162, Auckland 1142, New Zealand
T: +64 (9) 355 8000, F: +64 (9) 355 8001, www.pwc.com/nz

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Independent Auditors' Report
Briscoe Group Limited

Opinion
In our opinion, the financial statements on pages 9 to 49:

(i) comply with generally accepted accounting practice in New Zealand;

(ii) comply with International Financial Reporting Standards; and

(iii) give a true and fair view of the financial position of the Company and the Group as at 25 January 2015, and their financial performance and cash flows for the period then ended.

Report on Other Legal and Regulatory Requirements
We also report in accordance with Sections 16(1)(d) and 16(1)(e) of the Financial Reporting Act 1993. In relation to our audit of the financial statements for the period ended 25 January 2015:

(i) we have obtained all the information and explanations that we have required; and

(ii) in our opinion, proper accounting records have been kept by the Company as far as appears from an examination of those records.

Restriction on Distribution or Use
This report is made solely to the Company's shareholders, as a body, in accordance with the Companies Act 1993. Our audit work has been undertaken so that we might state to the Company's shareholders those matters which we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

PricewaterhouseCoopers

Chartered Accountants Auckland

5 March 2015

Corporate Governance

Role of the Board

The Board of Directors ("the Board") of Briscoe Group Limited ("the Company") is elected by shareholders to oversee the management of the Company and its subsidiaries and to direct performance in the long term best interests of the Company and its shareholders. The focus of the Board is the creation of company and shareholder value and ensuring the Company is managed in accordance with best practice. Corporate governance is regularly reviewed and updated in accordance with good business practice.

The principal responsibilities of the Board are to:

- establish the Company's objectives and review the major strategies for achieving these objectives;
- establish an overall policy framework within which the Company conducts its business;
- review the Company's performance including approval of and monitoring against budget;
- ensure that Group financial statements are prepared and presented to give a true and fair view of the Group's financial position, financial performance and cash flows;
- review performance of senior executives against approved objectives and key performance indicators;
- ensure effective policies and procedures are in place to safeguard the integrity of the Company's financial reporting;
- ensure that any significant risks facing the Company are identified and that appropriate risk management programmes are in place to control and report on these risks;
- ensure that the Group operates in accordance with New Zealand laws, regulations, the Rules (including the continuous disclosure regime), professional standards and contractual obligations; and
- report to shareholders and other key stakeholders.

The Board has delegated day-to-day management of the Company to the Group Managing Director and other executives of the Company. Operational and administrative policies relevant to the Company's business are in place and the Company has an internal audit system for monitoring the Company's operational policies and practices.

The Chairman, Managing Director and Deputy Managing Director determine the agenda for Board meetings. On a monthly basis, the Board receives operational reports summarising the Company's activities including key performance indicators. In addition, the Board receives regular briefings from the management team on key strategic and performance issues either as part of regular Board meetings or in specific briefing sessions.

Board Membership

The Company's constitution sets out policies and procedures on the operation of the Board including the appointment and removal of Directors. The NZX Main Board Listing Rules (the "Rules") and the Company's constitution provide that a minimum of three Directors is required, of whom at least two must be independent. Currently the Board comprises five Directors, being an independent Non-Executive Chairman, the Group Managing Director, the Deputy Managing Director and two independent Non-Executive Directors.

The Board acknowledges the importance of independent Directors in ensuring an optimal balance between Board members who are able to bring a wide range of business experience and skills and those with direct company knowledge and operational responsibility.

Under the constitution, one third of Directors must retire by rotation at the annual meeting each year but, if eligible, may offer themselves for re-election. The Group Managing Director, in his capacity as an Executive Director, is exempt from the requirement to retire by rotation.

Pursuant to Rule 3.3.5, the Company is required to make an announcement to the market advising the closing date for Director nominations. That announcement must be no less than 10 business days prior to the closing date and the closing date must be not more than two months prior to the annual meeting.

The Board undertakes to meet at least ten times during the financial year. For the year ending 25 January 2015 the Board met twelve times.

Profiles of the current Directors appear on page 55 of this report.

Board Review

The Board annually reviews its performance, and that of Board committees, to ensure that the Board and its committees are performing satisfactorily and meeting their respective objectives. In addition, the performance of individual Directors is also subject to review with a particular emphasis on those Board members who are due to retire by rotation and wish to seek re-election. The review process also assists with the process of identifying the training needs, if any, of Board members to ensure that they remain current on how to best perform their duties as a Director.

Board Committees

There are two formally constituted committees to provide specific input and guidance to particular areas of corporate governance; the Audit Committee and the Human Resources Committee.

The committees meet as required and operate under specific charters which are reviewed and approved by the Board annually, setting out committees' roles and responsibilities. In order to fulfil its responsibilities, each committee is empowered to seek any information it requires from employees and to obtain such independent legal or other professional advice it may deem necessary. The proceedings of the committees are reported to the Board. These charters are published on our website at www.briscoegroup.co.nz.

Audit Committee

The Audit Committee comprises three independent Directors – Stuart Johnstone (Chairman), Dame Rosanne Meo and Mary Devine, as well as the Group Managing Director, Rod Duke. The Committee assists the Board in fulfilling its responsibilities for Company financial statements and external financial reporting.

The Audit Committee is responsible to the Board for reviewing the Company's accounting policies and financial statements, promoting integrity in financial reporting, reviewing the adequacy and effectiveness of the Company's internal controls and recommending the appointment of, as well as reviewing the performance and recommendations of the external auditors. In turn, the Company's management team makes representations to the Audit Committee and the Board, as to the completeness and accuracy of the Company's financial statements.

The Audit Committee is responsible for determining whether potential engagements of the auditors are appropriate in the context of seeking to prevent audit independence from being impaired (or being seen to be impaired).

The Chief Financial Officer is responsible for the Company's day-to-day relationship with the auditors, including for ensuring that the Company's business divisions provide the auditors with timely and accurate information and full access to the Company's records. In addition, the auditors are able to communicate directly with the chairman of the Audit Committee at any time.

Human Resources Committee

The Human Resources Committee comprises three independent Directors – Dame Rosanne Meo (Chairman), Mary Devine and Stuart Johnstone, as well as the Group Managing Director, Rod Duke.

The Human Resources Committee is responsible for ensuring the Company has a sound employment policy framework, that there is an effective and stimulating workplace and that there is an environment within which management talent and potential can be identified, assessed and developed.

Nominations and Governance

Briscoe Group does not have a formally constituted Nominations and Governance Committee. The Board views the responsibilities usually associated with this committee as a collective responsibility and those matters are included as part of its primary role of overseeing the management and performance of the Company. Each Director undertakes to ensure they have the necessary time and resources required to enable them to meet the responsibilities associated with their directorship. Specific requirements of governance are addressed at Board meetings during the course of the year. These specific requirements include ensuring the Board contains an appropriate mix of skills and experience, making recommendations to the Board on new Directors for nomination, determining the independence of Directors, and ensuring the Company maintains a high level of corporate governance. Directors may seek their own independent advice to assist with their responsibilities.

Independent Directors

Under Rule 3.3.3, a listed company must identify which of its Directors are determined by the Board to be independent.

Rule 10.4.5(l) requires the annual report to include a statement as to which of its Directors are Independent Directors and which are not Independent Directors as at the balance date.

The board and committee memberships as at the balance date are detailed below together with the independence classification as determined by the Board, in accordance with the Rules. As a relatively small board, there is a clear understanding of the required roles and expectations of the Independent Directors.

Board and Committee Composition as at 25 January 2015

Director	Classification	Committee membership: Audit committee	Committee membership: Human Resources committee
Dame Rosanne Meo	Independent (Chair)	Member	Chair
Rod Duke	Executive	Member	Member
Stuart Johnstone	Independent	Chair	Member
Mary Devine	Independent	Member	Member
Alaister Wall	Executive	–	–

Board Remuneration

Shareholders are asked to approve the level of Directors' fees from time to time. In keeping with its views in relation to nominations, rather than have a separate Remuneration Committee (governed by a charter), the Board as a whole takes responsibility for monitoring developments in the New Zealand market and recommending remuneration packages for Directors to the Company's shareholders. Fees are established to be in line with those of New Zealand based organisations of a similar scope and size to the Company.

Diversity

A breakdown of the gender composition of Directors and officers as at the Company's balance date, including comparative figures, is shown below:

	25 January 2015		26 January 2014	
	Female	Male	Female	Male
Directors	2	3	2	3
Officers[1,2]	1	2	1	2

1. Excludes Managing Director and Deputy Managing Director (included in breakdown of Directors).
2. Officers includes only those employees who the Directors have deemed to have disclosure obligations under subpart 6 of the Financial Markets Conduct Act 2013 and is consistent with that used for the Key Management Compensation disclosure in the Financial Statements (Note 22).

The Company does not have a formal diversity policy.

Code of Conduct

The Board has adopted a corporate Code of Conduct, available on our website www.briscoegroup.co.nz. The Code of Conduct defines the levels of ethical business practice expected of the Board and within the Company (including employees and contractors). The Company ensures that all new employees are aware of the Code of Conduct and are provided with relevant training. In addition, the Code of Conduct addresses compliance standards and procedures, provides mechanisms for reporting unethical behaviour and ensures that disciplinary measures are available to address any violations. It covers:

- Conflicts of interest;
- Confidentiality;
- Payments, gifts and entertainment;
- Trading in company securities;
- Workplace principles;
- Use of company information and assets;
- Obligations to act honestly and in the best interests of the Company as required by law;
- Delegation of authority;
- Accuracy of records;
- Compliance with any applicable laws, regulations and rules; and
- Fair dealing with customers, employees, suppliers and competitors.

The Board is responsible for reviewing the Code of Conduct and adherence to it.

Trading in Briscoe Group Securities

The Company has adopted a formal procedure governing the sale and purchase of the Company's quoted financial products by Directors and employees. All Directors and employees must act in accordance with this procedure and the requirements of the Financial Markets Conduct Act 2013.

The procedure requires employees to obtain the written consent of a Director, or in the case of a Director, of the Chairman of the Board, prior to trading in the Company's shares. Generally, this consent will only be given in respect of trading in the 60 day period following the announcement of the Company's half year and annual results.

Risk Management

As an integral part of its role of overseeing the management of the Company and its subsidiaries, the Board approves the Company's risk management policies and receives regular reports to monitor the Company's risk management performance relative to these policies, with particular emphasis on:

- *Operational Risks:* risks associated with the Company's normal business operations, including normal day-to-day exposures relating to customers, stores, employees, systems, suppliers and regulatory bodies;

- *Funding Risks:* risks associated with the funding of the Company's operations, including exposures relating to investment of surplus cash, and to interest rate and exchange movements;
- *Environmental Risks:* risks associated with the environment in which the Company operates that are outside the Company's control, including exposures to natural disasters and to changes in social trends, economic conditions and customer preferences; and
- *Strategic Risks:* risks associated with Company initiatives that are outside the normal course of business, including exposures relating to initiatives to expand into new brands, markets, regions and business activities, and to adopt new systems.

Effective Communication

The Board places great importance on effective communications to the Company's shareholders and employees and the market generally. The Company has internal procedures in place to ensure that key financial and material information is communicated to the market in a clear and timely manner. In addition to its disclosure obligations under the Rules (including making the required release of annual and half-yearly results), the Company makes quarterly sales releases. This information is made available to the NZX and also to a variety of media, including by means of the Company's website. The Company regularly reviews its practices to ensure it clearly communicates its goals, strategies and performance.

The Board encourages shareholder attendance at the Company's annual meeting and welcomes shareholder debate on all matters of significance affecting the Company and its business.

NZX Corporate Governance Best Practice Code

The Company's corporate governance practices conform with the guidelines set down in the NZX Corporate Governance Best Practice Code in almost all respects. The areas in which the Company's practices depart from that Code are confined to the absence of specific training requirements for Directors, the lack of a Nominations Committee and the absence of Director remuneration by means of a performance-based equity remuneration plan. The Board as a whole takes responsibility for monitoring developments in the New Zealand market and recommending remuneration packages for Directors to the Company's shareholders rather than delegating this function to a Remuneration Committee pursuant to a written charter.

General Disclosures

Board of Directors

Dame Rosanne Meo, OBE: Chairman (Non-Executive)

Chairman of AMP Staff Superannuation and The Real Estate Institute of New Zealand. Director of Overland Footwear Limited and James Dunlop Textiles Limited.

Rod Duke: Group Managing Director and Deputy Chairman

Group Managing Director since 1991. Director of Pumpkin Patch Limited.

Alaister Wall: Deputy Managing Director

Executive of Group since 1982. Director of Cure Kids.

Stuart Johnstone: Director (Non-Executive)

Investment Banker and Company Director.

Mary Devine, ONZM: Director (Non-Executive)

Professional Non-Executive Director and corporate adviser. Director of Meridian Energy Limited, IAG New Zealand Limited and Top Retail Limited.

Subsidiary Companies

Rod Duke and Alaister Wall are Directors of the following subsidiaries: Briscoes (NZ) Limited, The Sports Authority Limited (trading as Rebel Sport), Rebel Sport Limited, Living and Giving Limited. Stuart Johnstone is a Director of The Sports Authority Limited.

Financial Statements

The financial statements for the Parent and Group for the year ended 25 January 2015 are shown on pages 9 to 49 in this report.

Changes in Accounting Policies

In preparing these financial statements the accounting policies outlined in Note 1 to the financial statements have been applied.

There were no significant changes in accounting policies during the year.

Principal Activities of the Group

Briscoe Group Limited is a non-trading holding company, but provides management services to its subsidiaries.

The principal trading subsidiaries are Briscoes (New Zealand) Limited, a specialist homeware retailer selling leading branded products, and The Sports Authority Limited, (trading as Rebel Sport), New Zealand's largest retailer of most leading brands of sporting goods.

The subsidiaries are 100% owned by Briscoe Group Limited. There were no changes in company structure during the year.

Review of Operations

A. Results for the Year Ended 25 January 2015

	Group $000	Parent $000
Sales Revenue	507,063	–
Profit Before Income Tax	54,889	31,982
Income Tax	(15,587)	(967)
Profit After Income Tax	39,302	31,015

B. Dividends

Subsequent to balance date, the Directors have declared a final dividend of 8.50 cents per share payable 31 March 2015. Non-resident shareholders of the Group will also receive a supplementary dividend of 1.5 cents per share. Dividends are fully imputed to New Zealand resident shareholders.

Directors

A. Remuneration and all other benefits relating to the year ending 25 January 2015 ($000)

Non-Executive Directors

RPO'L Meo	95
SH Johnstone	65
MM Devine	58

Executive Directors

RA Duke (Managing Director)	940
AJ Wall (Deputy Managing Director)	469

Executive Directors do not receive Directors' fees.

B. Shareholdings

Beneficially Held	As at 20 March 2015
SH Johnstone	1,005,000
AJ Wall	220,000
MM Devine	30,000

Non-Beneficially Held	As at 20 March 2015
RA Duke and AJ Wall each as Trustees of the RA Duke Trust	169,465,296
AJ Wall*	1,230,000
RPO'L Meo	100,000

* Other than in relation to the RA Duke Trust.

For further details refer to Substantial Product Holders information on page 57 of this report.

C. Share dealings

During the year ended 25 January 2015 the following Directors acquired shares in the Company:

M M Devine:

Date of transaction	Number of shares acquired	Consideration
5 September 2014	30,000	$86,100

R A Duke and A J Wall each as trustees of the R A Duke Trust:

Date of transaction	Number of shares acquired	Consideration
14 March 2014	365,000	$919,800
4 April 2014	15,000	$36,750
7 April 2014	40,000	$97,480
9 April 2014	9,006	$21,434
14 April 2014	5,200	$12,376
15 April 2014	1,000	$2,380
16 April 2014	10,750	$25,585
30 April 2014	515	$1,226
1 May 2014	7,932	$18,878
16 October 2014	8,000	$21,920
17 October 2014	10,000	$27,100
20 October 2014	2,850	$7,724
21 October 2014	6,880	$18,645
24 October 2014	257,000	$693,900

D. Interests in contracts

During the year the following Directors have declared pursuant to Section 140 (1) of the Companies Act 1993 that they be regarded as having an interest in the following transactions:

- Payment of rental of $610,000 (2014: $580,000) on the retail property of which the RA Duke Trust is the owner. (Refer to Note 22 of the financial statements).

E. Directors' Insurance

As provided by the Group's Constitution and in accordance with Section 162 of the Companies Act 1993 the Group has arranged Directors' and Officers' Liability Insurance which ensures Directors will incur no monetary loss as a result of actions undertaken by them as Directors provided they act within the law.

F. Directors' and Officers' use of Company Information

During the period the Board received no notices pursuant to Section 145 of the Companies Act 1993 relating to use of Company information.

State of Affairs

The Directors are of the opinion that the state of affairs of the Group is satisfactory. Details of the period under review are included in the Chairman's Review, the Managing Director's Review of Operations and the audited financial statements.

Employee Remuneration

The number of employees within the Group (other than Directors) receiving remuneration and benefits above $100,000, relating to the period ending 25 January 2015, are indicated in the following table:

	Number of Employees
$100,000 – 109,999	6
$110,000 – 119,999	7
$120,000 – 129,999	8
$130,000 – 139,999	7
$140,000 – 149,999	6
$150,000 – 159,999	7
$160,000 – 169,999	2
$170,000 – 179,999	1
$180,000 – 189,999	4
$190,000 – 199,999	1
$200,000 – 209,999	2
$220,000 – 229,999	2
$240,000 – 249,999	1
$260,000 – 269,999	1
$290,000 – 299,999	1
$350,000 – 359,999	1
$360,000 – 369,999	1
$380,000 – 389,999	1
$400,000 – 409,999	1
$680,000 – 689,999	1
$710,000 – 719,999	1

Remuneration to Auditors

The fee for the audit of the Group and subsidiaries paid to PricewaterhouseCoopers was $97,000 (2014: $101,400).

Fees paid to the auditors for other services provided, including a half yearly review, amounted to $26,000 (2014: $24,800).

Shareholders Information

Holding Range at 20 March 2015

	No. Investors	Total Holdings	%
1-1,000	882	639,685	0.29
1,001-5,000	1,516	4,521,512	2.08
5,001-10,000	506	4,088,629	1.89
10,001-100,000	417	10,495,607	4.84
100,001 and over	41	197,132,067	90.90
	3,362	**216,877,500**	**100%**

Substantial Product Holders

The following information is given pursuant to section 293 of the Financial Markets Conduct Act 2013. As at 25 January 2015, details of the Substantial Product Holders in the company and their relevant interests in the company's shares are as follows:

Substantial Product Holder	Holding as at 25 January 2015 (3)
R A Duke (1)	169,465,296
A J Wall (2)	170,915,296

(1) R A Duke has a relevant interest as a trustee of the R A Duke Trust which was disclosed in the SSH notice dated 13 March 2012, in respect of 166,644,369 shares. As at 25 January 2015 this interest was in respect of 169,465,296 shares.

(2) A J Wall has three relevant interests, which were disclosed in the SSH notice dated 13 March 2012. These were (i) as a trustee of the R A Duke Trust, in respect of 166,644,369 shares; (ii) as a trustee of the Tunusa Trust, in respect of 1,230,000 shares; and (iii) legal and beneficial title, in respect of 220,000 shares. As at 25 January 2015 the relevant interest as a trustee of the R A Duke Trust was in respect of 169,465,296 shares. The other interests remain unchanged.

(3) This information reflects the company's records and disclosures made under section 280(1)(b) of the Financial Markets Conduct Act 2013.

TOTAL NUMBER OF VOTING SHARES IN THE COMPANY AS AT 25 JANUARY 2015 WAS 216,592,500

Top 20 Holder List

As at 20 March 2015

Rank	Holder's Name	Total	%
1	JB Were (NZ) Nominees Limited (RA Duke Trust)	169,465,296	78.14
2=	Gerald Harvey	5,250,000	2.42
2=	Harvey Norman Properties (NZ) Ltd	5,250,000	2.42
4	New Zealand Central Securities Depository Limited	3,320,535	1.53
5	FNZ Custodians Limited	1,406,266	0.65
6	Alaister John Wall, Beverley Ann Wall and Benedict Douglas Tauber as Trustees of the Tunusa Trust established for the benefit of the family of AJ and BA Wall	1,230,000	0.57
7	New Zealand Central Securities Depository Limited	1,093,496	0.50
8=	JB Were (NZ) Nominees Limited	1,000,000	0.46
8=	Stuart Hamilton Johnstone and Lorraine Rose Johnstone	1,000,000	0.46
10	Graham John Paull and Owen Brent Ennor	825,000	0.38
11	Manhattan Trustee Limited	683,000	0.31
12	Investment Custodial Services Limited	540,900	0.25
13	Peter William Burilin	500,500	0.23
14	Shu-Wen Chiang	493,053	0.23
15	Custodial Services Limited	379,226	0.17
16	Keith Arthur William Brunt	365,000	0.17
17	Carla Zwart Brockman	336,300	0.16
18	Gemscott Limited	283,000	0.13
19	Custodial Services Limited	270,547	0.12
20	Alaister John Wall	220,000	0.10

A number of the registered holders listed above hold shares as nominees for, or on behalf of, other parties.

Notes

Notes

Directory

Directors

Dame Rosanne PO'L Meo (Chairman)
Rodney A Duke
Stuart H Johnstone
Alaister J Wall
Mary M Devine

Registered Office

36 Taylors Road
Morningside
Auckland
Telephone (09) 815 3737
Facsimile (09) 815 3738

Postal Address

PO Box 884
Auckland Mail Centre
Auckland

Solicitors

Simpson Grierson

Bankers

Bank of New Zealand

Auditors

PricewaterhouseCoopers

Share Registrars

Link Market Services Limited
Level 16
19 Victoria Street
PO Box 91976
Auckland 1142
Telephone +64 9 375 5999

Websites

www.briscoegroup.co.nz
www.briscoes.co.nz
www.rebelsport.co.nz
www.livingandgiving.co.nz

Calendar

Annual Balance Date	January
Preliminary Profit Announcement	March
Annual Report Published	April
Final Dividend	31 March 2015
Annual Meeting	14 May 2015
Half Year Results	September
Interim Dividend	October

BRISCOE
GROUP LIMITED