

Our record year in retail transactions


Retail credentials



Record breaking advisors

Grant Thornton's Corporate Finance team have completed a record number of transactions in the retail sector during 2010. We're proud to work with dynamic companies in the retail sector, providing a full range of integrated compliance and advisory services to enable our clients to be prepared for the future. The retail sector, is one of continual change, driven forward by developments in technology, fashion, lifestyle and regulation. Our retail team is able to draw on our experience in a vibrant and exciting industry, to provide our clients with a full range of advisory services that enables them to focus on what matters and to be able to make their business work for them. Alongside our client's endorsements of the services that we provide, the next few pages demonstrate the breadth of advice that we can offer including audit, tax and advisory services. We have demonstrated that despite the challenging conditions facing retailers, our flexible, pragmatic and commercial approach continues to deliver real value to our clients.

Standard Wool UK (Holdings) Ltd	
	
Refinancing of Standard Wool UK (Holdings)	
Wool traders and scourers	
£13m	January 2010
Grant Thornton provided corporate finance advisory and tax services	

East of England Co-operative Society	
	
Disposal to East of England Co-operative Society motor dealerships	
Motor dealership	
£undisclosed	March 2010
Grant Thornton provided corporate finance advisory services	


Card Factory	
	
Disposal to Charterhouse Capital Partners LLP	
Greeting card retailer	
£undisclosed	April 2010
Grant Thornton provided advisory services to the majority shareholders	


FEC Holdings Ltd	
	
Disposal of Faith Shoe Group and Chilli Fashion to Hilco UK	
Shoe retailer	
£undisclosed	April 2010
Grant Thornton provided corporate finance advisory services	

HobbyCraft Group Ltd	
	
Disposal to management backed by Bridgepoint Capital	
Art and craft products retailer	
£undisclosed	April 2010
Grant Thornton provided corporate finance advisory services	

Esdevium Games Ltd	
	
Sale of 60% of its share capital to Asmodee SA	
Distributor of hobby and games products	
£undisclosed	May 2010
Grant Thornton provided corporate finance advisory and tax services	


The Ocarina Trust	
	
Disposal of the Harrods Group	
Retail	
£undisclosed	May 2010
Grant Thornton provided vendor due diligence services	


Leiser KG	
	
Fundraising	
Shoe retailer	
£undisclosed	July 2010
Grant Thornton Germany provided corporate finance advisory services	

Carel SA	
	
MBI backed by 123 Venture SA	
Shoe retailer	
£undisclosed	Sept 2010
Grant Thornton France provided corporate finance advisory services	

ID Group plc	
	
Acquisition of Fnac Eveil et Jeux	
Retailer of children's games, books and CDs	
£undisclosed	Sept 2010
Grant Thornton France provided corporate finance advisory services	

Botterills Convenience Stores	
	
Disposal of Botterills Convenience Stores to Scotmid	
Retail	
£undisclosed	Nov 2010
Grant Thornton provided corporate finance advisory services	

Look Fantastic	
	
Disposal of lookfantastic Group to The Hut Group	
Luxury health and beauty retailer	
£19.4m	Nov 2010
Grant Thornton provided corporate finance advisory services	

Pearsons Department Stores	
	
Disposal to Morleys Stores	
Department and home stores	
£undisclosed	Nov 2010
Grant Thornton provided corporate finance advisory services	

Vie Cosmetics Group Ltd	
	
Disposal to Network World Alliance GmbH	
Direct selling business	
£undisclosed	Dec 2010
Grant Thornton provided corporate finance advisory services	

kiddicare.com	
	
Disposal to Wm Morrison Supermarkets	
Multi-channel online retailer of baby products	
£70m	February 2011
Grant Thornton provided corporate finance advisory services	

Advisory services

We have been advising businesses in the retail sector for many years, making us ideally placed to draw on our practical experiences in working with our clients. In an advisory capacity we frequently work alongside key investors, bankers and legal advisors in the retail sector.

In addition, we are an active member of the British Retail Consortium and understand the issues that you face in the retail sector to deliver effective solutions.

We can provide advice on:

- **selling your business** – project managing a sale to maximise value for the shareholders
- **raising finance** – identifying the options available and selecting the best source
- **management buy-outs/management buy-ins** – helping management teams buy target businesses including the raising of equity and debt finance
- **acquisitions** – advice on acquisition strategies and identifying the right target
- **due diligence** – identifying key issues leading to robust conclusions and recommendations
- **flotations** – grooming the business for a flotation and advising on the implications going public
- **valuations** – of intellectual property rights in order to support funding proposals for mergers, acquisitions, disposals and other value extraction
- **strategic advice** – reviewing management objectives and facilitating and implementing a short, medium and long-term strategic plan
- **change management** – advising on significant changes to operations, including project management in respect of post-deal integration or downsizing
- **earn-outs** – assisting parent companies to design appropriate and incentivising earn-outs that retain value within the group and assisting management teams negotiate earn-out extensions
- **portfolio analysis** – assessment of value, strategic plans, markets, acquisitions and asset disposals

“The Grant Thornton team’s hard work, commitment and deal experience was invaluable throughout the process. The market conditions have not been ideal over the past couple of years, however, Grant Thornton was able to provide us with the support and advice required to ensure a successful outcome was achieved for all the shareholders.

HobbyCraft is a great business and I am confident that the strong management team will continue to develop it into something special.”

Warren Hoskins

Vendor

- **tax** is playing an increasingly important part in managing a company's performance. We provide a full range of tax related services, including:
 - international tax – advice on the most tax-effective structure to use when considering expansion outside the UK
 - expatriate tax – advice when considering secondments of UK
 - film tax relief - advising on amounts and structures and obtaining refunds
 - intellectual property and withholding tax planning
 - planning for key stakeholders and management – incentive arrangements and planning for an exit
 - employee share schemes and remuneration planning
 - VAT – specific advice on transaction/issues as they arise
 - transfer pricing - planning to minimise your cross-border tax exposure where appropriate.

Assurance

We work with our clients to help them face challenges, by using our industry experience to provide robust audit and tax compliance service and by understanding the accounting policies, commercial drivers and business models that underpin retailers.

Audit

Our audit is built on a methodology used by all member firms of Grant Thornton International.

Our approach is tailored to meet individual client needs, focused on the relevant issues and providing all key stakeholders with confidence in their financial statements.

We can provide a range of assurance services, including:

- **benchmarking** – learning from the competition
- **risk management services** – risk mapping and system risk assessment
- **corporate governance** – ensuring you comply with best practice
- **tax** – we ensure that our tax compliance services dovetail with the audit work being undertaken; our tax and assurance teams work closely to enable fast and efficient delivery.

“With the business having been in the family for over 100 years it was a significant decision to sell the company. Grant Thornton's experience of retail transactions, hard work and commitment were critical in securing the right deal for the shareholders and the business. It was a pleasure working with them and I would definitely recommend them as advisors.”

Richard Henderson

Vendor, Pearsons (Enfield) Ltd

Barry Knight, Grant Thornton's National Head of Retail comments on sentiment for the sector in 2011:

“Although the market for retail generally in 2011 is likely to be tough as a result of VAT increases, rising input costs and the impact of the spending cuts on both employment and consumer confidence, there is still a considerable amount of interest in investing in the right retail offering. While many traditional retailers may struggle, this will drive consolidation in the sector. Issues commonly facing the sector include:

- high property costs from entering into leases at historic rates
- tired and non differential offering
- further encroachment of the supermarkets into non food
- general overcapacity
- continuing expansion of online.

However, for the right opportunity funding remains available for both acquisitions and corporate development. This is coming from not only private equity funders, but from the corporate sector as well. This interest falls into four broad categories:

- 1 Pure online retailers or those with limited number of physical sites
- 2 Businesses who have started or expanded since the recession do not have legacy leases and have the ability to pick up new space at relatively low costs
- 3 An established business that has a sustainable business model with an interest in developing online and mobile offerings
- 4 Upper end and luxury retailers that will not be affected by the supermarkets non food expansion, in particular Footwear, Leather goods and Accessories. Also, strong brand names (heritage even more so) have generated significant interest.”



Barry Knight

Head of Retail

T 020 7865 2150

E barry.s.knight@uk.gt.com

Corporate Finance contacts

Belfast

Charlie Kerlin
T 028 9031 6510
E charlie.kerlin@uk.gt.com

Birmingham

Alex Hyde
T 0121 232 5245
E alex.s.hyde@uk.gt.com
Martyn Pilley
T 0121 232 5414
E martyn.pilley@uk.gt.com
Ian Wilson
T 0121 232 5151
E ian.p.wilson@uk.gt.com

Bristol

Mark Naughton
T 0117 305 7712
E mark.c.naughton@uk.gt.com
Richard Wilson
T 0117 305 7756
E richard.wilson@uk.gt.com

Cambridge

Darren Bear
T 01223 225673
E darren.m.bear@uk.gt.com
Mark Clement
T 01223 225604
E mark.clement@uk.gt.com

Geoff Davies
T 01223 225630
E geoff.davies@uk.gt.com

Cardiff

Mark Naughton
T 0117 305 7712
E mark.c.naughton@uk.gt.com

Chelmsford

Darren Bear
T 01223 225673
E darren.m.bear@uk.gt.com

Edinburgh

Robert Hannah
T 0131 659 8515
E robert.k.hannah@uk.gt.com

Gatwick

Rupert Rawcliffe
T 01293 554022
E rupert.rawcliffe@uk.gt.com

Glasgow

David Cockburn
T 0141 223 0603
E david.cockburn@uk.gt.com

Leeds

Ian Marwood
T 0113 200 1513
E ian.marwood@uk.gt.com
Will Oxley
T 0113 200 1582
E will.m.oxley@uk.gt.com
Jonathan Shipton
T 0113 200 1555
E jonathan.shipton@uk.gt.com
Jonathan Steed
T 0113 200 2661
E jonathan.m.steed@uk.gt.com

Leicester and Nottingham

Mustafa Abdulhusein
T 0116 257 5110
E mustafa.abdulhusein@uk.gt.com

London

Colin Aaronson
T 020 7728 2942
E colin.p.aaronson@uk.gt.com
David Ascott
T 020 7728 2315
E david.p.ascott@uk.gt.com
Stephen Baker
T 020 7728 3100
E stephen.baker@uk.gt.com

Gerry Beaney
T 020 7728 2589
E gerry.d.beaney@uk.gt.com

Philip Bird
T 020 7865 2228
E philip.bird@uk.gt.com

Dominic Bolton
T 020 7865 2306
E dominic.bolton@uk.gt.com

Anuj Chande
T 020 7728 2133
E anuj.j.chande@uk.gt.com

Paul Cooper
T 020 7865 2622
E paul.a.cooper@uk.gt.com

Peter Dawson
T 020 7728 3197
E peter.dawson@uk.gt.com

Martin Goddard
T 020 7728 2770
E martin.a.goddard@uk.gt.com

Trefor Griffith
T 020 7728 2537
E trefor.a.griffith@uk.gt.com

Fiona Kindness
T 020 7283 3414
E fiona.kindness@uk.gt.com

Mo Merali
T 020 7728 2501
E mo.merali@uk.gt.com

Fiona Owen
T 020 7728 2318
E fiona.owen@uk.gt.com

Sunil Patel
T 020 7728 2504
E sunil.j.patel@uk.gt.com

Philip Secrett
T 020 7728 2578
E philip.j.secrett@uk.gt.com

Ian Smart
T 020 7728 2465
E ian.v.smart@uk.gt.com

Michael Thornton
T 020 7728 2644
E michael.j.thornton@uk.gt.com

Manchester

Anthony Booth
T 0161 953 6307
E anthony.booth@uk.gt.com

David Grundy
T 0161 953 6318
E david.grundy@uk.gt.com

Ali Sharifi
T 0161 953 6350
E ali.sharifi@uk.gt.com

Milton Keynes

Tim Blois
T 01908 359582
E tim.m.blois@uk.gt.com

Mark Clement
T 01223 225604
E mark.clement@uk.gt.com

Mike Hughes
T 01908 359581
E mike.hughes@uk.gt.com

Newcastle

Simon McIntosh
T 0191 203 7792
E simon.a.mcintosh@uk.gt.com

Norwich

Tim Hansell
T 01223 225616
E tim.l.hansell@uk.gt.com

Oxford

Wendy Hart
T 01865 799938
E wendy.e.hart@uk.gt.com

Reading

Wendy Hart
T 01865 799938
E wendy.e.hart@uk.gt.com

Duncan Lamb
T 0118 983 9612
E duncan.lamb@uk.gt.com

Sheffield

Ian Marwood
T 0114 262 9703
E ian.marwood@uk.gt.com

Southampton

Nigel le Bas
T 02380 381172
E nigel.lebas@uk.gt.com

Paul Stout
T 02380 381265
E paul.stout@uk.gt.com

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Winner

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