

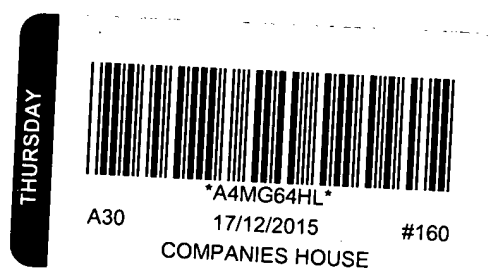
## **Cath Kidston PFSCo Limited**

Annual Report and Financial Statements

For the 52 weeks ended

29 March 2015.

Company Registration Number 07180374



**Cath Kidston PFSCo Limited**  
**Annual Report and financial statements**  
**for the 52 weeks ended 29 March 2015**

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**Directors**

*Current:*

N Harrington

C Parkin

L Widengren (appointed 29 January 2015)

*Former:*

J Barber (resigned 29 January 2015)

**Registered office**

Frestonia, 125-135 Freston Road, London, W10 6TH

**Company number**

07180374

**Auditor**

Deloitte LLP, 2 New Street Square, London, EC4A 3BZ

# **Cath Kidston PFSCo Limited**

## **Report of the directors for the 52 weeks ended 29 March 2015**

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The directors present their report together with the audited financial statements for the 52 weeks ended 29 March 2015.

This report has been prepared in accordance with the provisions of Part 15, s417 (1) of the Companies Act relating to small companies. No strategic report has been presented as the entity qualifies as a small company under s383 of the Companies Act and is therefore exempt.

### **Principal Activities**

Cath Kidston PFSCo Limited is an intermediate holding company and will continue to be so for the foreseeable future.

### **Directors**

The directors of the company during the period and since the period end were:

#### *Current:*

N Harrington

C Parkin

L Widengren (appointed 29 January 2015)

#### *Former:*

J Barber (resigned 29 January 2015)

### **Directors' responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **Cath Kidston PFSCo Limited**

## **Report of the directors for the 52 weeks ended 29 March 2015**

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### **Directors' indemnities**

The company has made qualifying third party indemnity provision for the benefit of its directors which were made during the year and remain in force at the date of this report.

### **Going concern**

The directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found in the Statement of accounting policies in the financial statements.

### **Auditor**

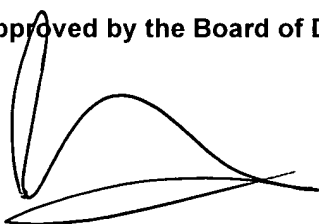
Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP has expressed their willingness to continue in office as auditor and a resolution to reappoint will be proposed at the forthcoming Annual General Meeting.

**Approved by the Board of Directors and signed on behalf of the Board:**

A handwritten signature in black ink, appearing to be 'N Harrington', written over a horizontal line.

N Harrington

**Director**

9 September 2015

# **Cath Kidston PFSCo Limited**

## **Independent auditor's report**

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### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CATH KIDSTON PFSCo LIMITED**

We have audited the financial statements of Cath Kidston PFSCo Limited for the 52 weeks ended 29 March 2015 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

#### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 29 March 2015 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matter prescribed by the Companies Act 2006**

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

# Cath Kidston PFSCo Limited

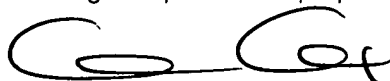
## Independent auditor's report (*continued*)

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; and
- the directors were not entitled to take advantage of the small companies exemption from preparing a Strategic Report and in preparing the Directors' Report.



Emma Cox BA, ACA (Senior statutory auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
London, UK

10 September 2015

# Cath Kidston PFSCo Limited

## Profit and loss account for the 52 weeks ended 29 March 2015

	Note	2015 £'000	2014 £'000
Administrative expenses		(5)	(3)
<b>Operating loss</b>	2	(5)	(3)
Interest payable and similar charges	3	(9,824)	(9,215)
Dividend income		44,294	-
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>34,465</b>	<b>(9,218)</b>
Taxation on profit/(loss) on ordinary activities	4	-	-
<b>Profit/(loss) on ordinary activities after taxation</b>	10,11	<b>34,465</b>	<b>(9,218)</b>

All amounts relate to continuing activities.

All recognised gains and losses are included in the profit and loss account.

The notes on pages 7 to 13 form part of these financial statements.

# Cath Kidston PFSCo Limited

## Balance sheet as at 29 March 2015

<i>Company number 7180374</i>	<i>Note</i>	<b>2015 £'000</b>	<b>2015 £'000</b>	<b>2014 £'000</b>	<b>2014 £'000</b>
<b>Fixed assets</b>					
Fixed asset investments	5		76,511		76,511
<b>Debtors due after more than one year</b>	6	484		-	
<b>Net current assets</b>			484		-
<b>Total assets</b>			76,995		76,511
<b>Creditors: amounts falling due after more than one year</b>	7		(77,047)		(111,028)
<b>Net liabilities</b>			(52)		(34,517)
<b>Capital and reserves</b>					
Called up share capital	9		5,011		5,011
Profit and loss account	10		(5,063)		(39,528)
<b>Shareholders' deficit</b>	11		(52)		(34,517)

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the Board of Directors and authorised for issue on 9 September 2015.

  
N Harrington  
Director

The notes on pages 7 to 13 form part of these financial statements.



# Cath Kidston PFSCo Limited

## Notes to the financial statements for the 52 weeks ended 29 March 2015

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### 1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable United Kingdom accounting standards.

The following principal accounting policies have been applied consistently throughout the year and the preceding year.

#### *Accounting date*

The accounting reference date of the company is 31 March. These financial statements have been prepared for the 52 weeks ended 29 March 2015, the closest Sunday to 31 March. The comparative period represents the 52 weeks ended 30 March 2014.

#### *Going concern*

During the period, the company made a profit of £34,465,000 (2014: loss of £9,218,000) and the balance sheet shows net current assets of £484,000 (2014: £nil) and net liabilities of £52,000 (2014: £34,517,000). The directors have considered the basis of preparation of the financial statements and have concluded that it is appropriate to prepare the financial statements on a going concern basis. This assessment is due to the company having no liabilities which fall due within twelve months of the approval of the financial statements. The company is funded by shareholder loan notes which do not fall due for repayment until March 2109. Interest accruing on the shareholder loan notes is added to the principal loan balance and also does not fall due for repayment until March 2109. Only interest accruing after March 2018 is payable in cash on an annual basis.

In addition, the company is a guarantor of the group's debt facilities and going concern is therefore assessed across the group as a whole. The trading company within the group is profitable and cash generative, and the group operates within its loan facilities available. The directors have considered the group's cash flow forecasts and have considered that there will be sufficient resources available to meet the group's liabilities as they fall due.

#### *Consolidation*

The company has taken advantage of the exemption under Section 400 of the Companies Act 2006 in not preparing consolidated financial statements for its group as the results of its group are included in the consolidated financial statements of the ultimate parent company, Cath Kidston Group Limited, incorporated in the United Kingdom. Accordingly these financial statements present the results of the company itself and not its group.

#### *Cash flow statement*

The company has taken advantage of the exemption in Financial Reporting Standard 1 "Cash Flow Statements" not to prepare a cash flow statement on the grounds that the company is included in the publicly available consolidated financial statements of the ultimate parent company.

#### *Valuation of investments*

Investments held as fixed assets, including the parent's investment in its subsidiaries, are stated at cost less any provision for impairment.

#### *Impairment of fixed asset investments*

The need for any fixed asset investment impairment write-down is assessed by comparison of the carrying value of the asset against the higher of net realisable value and value in use if events or changes in circumstances indicate that the carrying value may not be recoverable.

# Cath Kidston PFSCo Limited

## Notes to the financial statements for the 52 weeks ended 29 March 2015 (*continued*)

### 1 Accounting policies (*continued*)

#### *Current tax*

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

#### *Deferred taxation*

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

#### *Financial liabilities and equity*

Financial liabilities are measured initially at the amount of the net proceeds, being the fair value of proceeds received on issue after deduction of issue costs.

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

### 2 Operating loss

The company's audit fee of £2,000 is borne by Cath Kidston Limited. There are no employees in this company other than executive directors (2014: nil). Directors' remuneration is borne by another group company.

### 3 Interest payable and similar charges

	2015 £'000	2014 £'000
Accrued interest on shareholder loan notes	8,505	9,215
Interest on group loans	1,316	-
Other Interest	3	-
	<hr/>	<hr/>
Total	9,824	9,215
	<hr/>	<hr/>

# Cath Kidston PFSCo Limited

## Notes to the financial statements for the 52 weeks ended 29 March 2015 (*continued*)

### 4 Taxation on profit/(loss) on ordinary activities

	2015 £'000	2014 £'000
<i>Current tax</i>		
UK corporation tax on losses of the period	-	-
<i>Deferred tax</i>		
Origination and reversal of timing differences	-	-
Taxation on loss on ordinary activities	-	-
The tax assessed for the period differs from the standard rate of corporation tax in the UK.		
	2015 £'000	2014 £'000
Profit/(loss) on ordinary activities before tax	34,465	(9,218)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 21% (2014 - 23%)	7,238	(2,120)
Effects of:		
Expenses not deductible for tax purposes	599	615
Short term timing differences	29	(226)
Group relief surrendered	1,436	1,731
Non-taxable income	(9,302)	-
Current tax charge for period	-	-

Factors that may affect future tax charges: The short term timing differences relate to interest expenses which will be available for group relief surrender to Cath Kidston Limited when the interest is paid. At the period end, the asset available for surrender is £679,000 (2014 - £679,000).

# Cath Kidston PFSCo Limited

## Notes to the financial statements for the 52 weeks ended 29 March 2015 (*continued*)

### 5 Fixed asset investments

	Investment in group Undertakings £'000
At 30 March 2014 and 29 March 2015	76,511

### Subsidiary undertakings

The principal undertakings in which the company's interest, at the period end, is 20% or more are as follows:

Name	Country of registration or incorporation	Proportion held	Nature of business
Cath Kidston Mezzco Limited	United Kingdom	100%	Holding Company
Cath Kidston Acquisitions Limited*	United Kingdom	100%	Holding Company
Cath Kidston Limited*	United Kingdom	100%	Designer, wholesaler and retailer
Cath Kidston Asia Pacific Limited*	Hong Kong	100%	Wholesaler
Cath Kidston Trading (Shanghai) Ltd*	China	100%	Retailer
Cath Kidston Spain S.L.U.*	Spain	100%	Retailer
Cath Kidston Japan K.K.*	Japan	100%	Retailer

\*Companies not directly held by Cath Kidston PFSCo Limited.

### 6 Debtors due after more than one year

	2015 £'000	2014 £'000
Amounts owing from group undertakings	484	-

# Cath Kidston PFSCo Limited

## Notes to the financial statements for the period ended 29 March 2015 (continued)

### 7 Creditors: amounts falling due after more than one year

			2015 £'000	2014 £'000
Shareholder loan notes and accrued interest thereon			76,545	68,040
Amount owed to subsidiary undertakings			502	42,988
			<hr/>	<hr/>
			77,047	111,028
			<hr/>	<hr/>
Maturity of debt:				
	2015 Amount owed to subsidiary £'000	2014 Amounts owed to subsidiary £'000	2015 Shareholder loan notes £'000	2014 Shareholder loan notes £'000
In more than 5 years	502	42,988	76,545	68,040

On the 30 March 2010 Cath Kidston PFSCo Limited issued a total of £71.5m of fixed rate unsecured shareholder loan notes. These loan notes are listed on the Channel Islands Securities Exchange Authority Limited. Interest on the loan notes accrues at 12.5% per annum during the year. The principal element of the shareholder loans notes fall due for repayment on 31 March 2109. Interest which accrues, and is rolled up, on the shareholder loan notes before 31 March 2018 is added to the principal loan balance outstanding, and also falls due for repayment on 31 March 2109. After 31 March 2018, interest payable on the outstanding loan notes is payable in cash on an annual basis.

During the year there was an early repayment totalling £31,466,000 to the existing shareholders of the loan notes by Baring Private Equity Asia V Holding (18) Limited ("Baring Asia"), the new shareholders of the loan notes as part of the sale transaction of the Group company, Cath Kidston Group Limited. The overall balance of the PFS notes was not altered, just the ownership.

Interest on group loans accrues at base rate + 2.00% per annum.

# Cath Kidston PFSCo Limited

## Notes to the financial statements for the period ended 29 March 2015 (*continued*)

### 8 Financial instruments

The company holds or issues financial instruments to finance its operations.

The company does not trade. Long term loans are at fixed rates and are used in order to secure funding for the future developments of the group as a whole. The company manages its liquidity risk by having the option to roll up interest on the loans it holds. The group is not exposed to currency risk in respect of its loans as all borrowings are denominated in sterling.

Short term debtors and creditors have been excluded from financial instrument disclosures, as allowed by FRS 13.

#### Financial liabilities

The company is funded by shareholder loans and intercompany debt.

On 30 March 2010 the group issued unsecured loan notes to the value of £71,500,000. These loan notes were listed on the Channel Islands Securities Exchange Authority Limited on 16 June 2010. Interest on the loan notes accrues at 12.5% per annum. The accrued interest at the period end is £24,747,000 (2014 - £31,661,000).

In the opinion of the directors, the value of all loans and accrued interest in the financial statements is not materially different to the fair value of the debt.

The company is part of the cross guarantee with other members of the group headed by Cath Kidston Group Limited. The total group borrowings covered by this guarantee at the period end was £129,659,000 (2014 - £118,066,000).

### 9 Share capital

	Allotted, called up and fully paid			
	2015 Number	2014 Number	2015 £'000	2014 £'000
Ordinary shares of £1 each	5,011,470	5,011,470	5,011	5,011

### 10 Reserves

	Profit and loss account £'000
At 30 March 2014	(39,528)
Profit for period	34,465
At 29 March 2015	(5,063)

# Cath Kidston PFSCo Limited

## Notes to the financial statements for the 52 weeks ended 29 March 2015 (continued)

### 11 Reconciliation of movements in shareholders' deficit

	2015 £'000	2014 £'000
Profit/(loss) for the period	34,465	(9,218)
Net decrease/(increase) in shareholders' deficit	34,465	(9,218)
Opening shareholders' deficit	(34,517)	(25,299)
Closing shareholders' deficit	(52)	(34,517)

### 12 Related party transactions

The company has taken advantage of the exemption allowed by the Financial Reporting Standard 8, "Related Party Transactions", not to disclose any transactions with entities that are included in the consolidated financial statements of Cath Kidston Group Limited because the company is a wholly owned subsidiary. There were no other related party transactions.

### 13 Ultimate parent company

At 29 March 2015 the company's ultimate parent company was Cath Kidston Group Limited which is the parent of both the smallest and largest groups of which the company is a member.

On 21 July 2014 Baring Asia acquired shares in Cath Kidston Group from existing shareholders. Baring Asia now holds equal share ownership with TA Equity Fund ("TA"). No single shareholder holds a majority, but the combined shares of Baring Asia and TA form the ultimate controlling party. The remaining shares are owned by directors, management and employees.

Copies of the consolidated financial statements of Cath Kidston Group Limited are available from Companies House.