

Cath Kidston PFSCo Limited

Report and Financial Statements

Period Ended

1 April 2012

Company Number 7180374



Cath Kidston PFSCo Limited

Report and financial statements for the period ended 1 April 2012

Contents

Page.

1	Report of the directors
3	Independent auditor's report
5	Profit and loss account
6	Balance sheet
7	Notes forming part of the financial statements

Directors

J Barber
C Parkin

Secretary and registered office

J Ghinn, 2nd Floor, Frestonia, 125-135 Freston Road, London, W10 6TH

Company number

7180374

Auditors

BDO LLP, 55 Baker Street, London, W1U 7EU

Cath Kidston PFSCo Limited

Report of the directors for the period ended 1 April 2012

The directors present their report together with the audited financial statements for the 52 week period ended 1 April 2012

Results and dividends

The profit and loss account is set out on page 5 and shows the loss for the period

The directors do not recommend the payment of a dividend

Principal activities and trading review

Cath Kidston PFSCo Limited is an intermediate holding company and will continue to be so for the foreseeable future. On the 31 March 2010 the company issued a total of £71.5m of fixed rate unsecured shareholder loan notes. These loan notes are listed on the Channel Islands Stock Exchange and interest accrues at 12.5% per annum during the year. The principal element of the shareholder loan 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. Interest of £10,314,000 (2011 - £9,346,000) was accrued and rolled up on the shareholder loan notes during the year.

A trading review, including key performance indicators and future developments can be found in the financial statements of the parent company Cath Kidston Group Limited.

Future developments

The group continues to seek opportunities to increase the size of the retail portfolio, grow mail order and web sales, increase average order values and encourage repeat visits, and to develop and increase the wholesale customer base, which includes the group's successful international activities and further store openings in Asia.

Principal risks and uncertainties

The financial risk of the Company relates to the existence of shareholder loan notes. The risks associated with financial instruments are discussed in note 7.

Directors

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

J Barber
C Parkin

Cath Kidston PFSCo Limited

Report of the directors for the period ended 1 April 2012 (continued)

Directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have 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,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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.

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

On behalf of the Board



C Parkin

Director

19th September 2012

Cath Kidston PFSCo Limited

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 week period ended 1 April 2012 which comprise the profit and loss account, the balance sheet and the related notes. 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 statement of directors' responsibilities, 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

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 1 April 2012 and of its loss 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 matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Cath Kidston PFSCo Limited

Independent auditor's report (*continued*)

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



*Donald Williams (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom*

19th September 2012

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Cath Kidston PFSCo Limited

Profit and loss account for the period ended 1 April 2012

	Note	2012 £'000	2011 £'000
Distribution and administrative expenses		(5)	-
Operating loss	2	(5)	-
Interest payable and similar charges	3	(10,314)	(9,346)
Loss on ordinary activities before taxation		(10,319)	(9,346)
Taxation on loss from ordinary activities	4	-	-
Loss on ordinary activities after taxation	9, 10	(10,319)	(9,346)

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 at 1 April 2012

Company number 7180374	Note	2012 £'000	2011 £'000
Fixed assets			
Fixed asset investments	5	76,511	76,511
Total assets less current liabilities		76,511	76,511
Creditors: amounts falling due after more than one year	6	(91,165)	(80,846)
		(14,654)	(4,335)
Capital and reserves			
Called up share capital	8	5,011	5,011
Profit and loss account	9	(19,665)	(9,346)
Shareholders' deficit	10	(14,654)	(4,335)

The financial statements were approved by the Board of Directors and authorised for issue on 19th September 2012



C Parkin
Director

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

Cath Kidston PFSCo Limited

Notes forming part of the financial statements for the period ended 1 April 2012

1 Accounting policies

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

The following principal accounting policies have been applied

Accounting date

The accounting reference date of the company is 31 March. These financial statements have been prepared for the 52 weeks to 1 April 2012, the closest Sunday to 31 March. The comparative period represents the 56 weeks from incorporation on 5 March 2010 to 3 April 2011.

Going concern

During the period, the company made a loss of £10,319,000 (2011 - £9,346,000) and the balance sheet shows net liabilities of £14,654,000 (2011 - £4,335,000). 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 2109. Only interest accruing after March 2018 is payable in cash on an annual basis.

In addition, the directors of the ultimate parent company, Cath Kidston Group Limited, have considered the group's cash flow forecasts and have concluded 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 Great Britain. 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 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 forming part of the financial statements for the period ended 1 April 2012 (*continued*)

1 Accounting policies (*continued*)

Taxation

The charge for taxation is based on the result for the period and takes into account taxation deferred

Current tax is measured at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences

Deferred tax balances are not discounted

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 is borne by Cath Kidston Group Limited, the ultimate parent. There are no employees in this company other than executive directors. Directors' remuneration is borne by another group company.

3 Interest payable and similar charges

	2012 £'000	2011 £'000
Accrued interest on shareholder loan notes	10,314	9,346

Cath Kidston PFSCo Limited

Notes forming part of the financial statements
for the period ended 1 April 2012 (*continued*)

4 Taxation on loss from ordinary activities

	2012 £'000	2011 £'000
<i>Current tax</i>		
UK corporation tax on losses of the period	-	-
<i>Deferred tax</i>		
Origination and reversal of timing differences	-	-
	<hr/>	<hr/>
Taxation on loss on ordinary activities	-	-
	<hr/>	<hr/>
The tax assessed for the period differs from the standard rate of corporation tax in the UK		
	2012 £'000	2011 £'000
Loss on ordinary activities before tax	(10,319)	(9,346)
	<hr/>	<hr/>
Loss on ordinary activities at the standard rate of corporation tax in the UK of 26% (2011 - 28%)	(2,683)	(2,617)
Effects of		
Expenses not deductible for tax purposes	1,590	1,552
Short term timing differences	216	233
Group relief surrendered	877	832
	<hr/>	<hr/>
Current tax charge for period	-	-
	<hr/>	<hr/>

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 £216,000 (2011 - £233,000)

Cath Kidston PFSCo Limited

Notes forming part of the financial statements
for the period ended 1 April 2012 (*continued*)

5 Fixed asset investments

Investment
in group
undertakings
£'000

At 4 April 2011 and at 1 April 2012

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

*Companies not directly held by Cath Kidston PFSCo Limited

On the 31 March 2010 the company bought the entire share capital of Cath Kidston Mezzco Limited for cash. On the same date, the group, through its subsidiary Cath Kidston Acquisitions Limited purchased the entire share capital of Cath Kidston Limited. The principal activity of Cath Kidston Limited is that of designer, wholesaler and retailer of fabrics, home furnishing products and fashion accessories.

Cath Kidston PFSCo Limited

Notes forming part of the financial statements for the period ended 1 April 2012 (continued)

6 Creditors, amounts falling due after more than one year

	2012 £'000	2011 £'000
Shareholder loan notes	71,500	71,500
Accrued interest on shareholder loan notes	19,660	9,346
Amount owed to subsidiary undertakings	5	-
	<u>91,165</u>	<u>80,846</u>
 Maturity of debt		
	2012 Shareholder loan notes £'000	2011 Shareholder loan notes £'000
In more than 5 years	<u>91,160</u>	<u>80,846</u>

On the 31 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 Stock Exchange. Interest on the loan notes accrues at 12.5% per annum during the year. The principal element of the shareholder loan 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.

7 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.

On 31 March 2010 the group issued unsecured loan notes to the value of £71,500,000. These loan notes were listed on the Channel Islands Stock Exchange on 16 June 2011. Interest on the loan notes accrues at 12.5% per annum. The accrued interest at the period end is £19,660,000 (2011 - £9,346,000).

In the opinion of the directors, the value of all loans and accrued interest in the accounts 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 £113,028,000 (2011 £108,467,000).

Cath Kidston PFSCo Limited

Notes forming part of the financial statements
for the period ended 1 April 2012 (*continued*)

8 Share capital

	Allotted, called up and fully paid			
	2012 Number	2011 Number	2012 £'000	2011 £'000
Ordinary shares of £1 each	5,011,470	5,011,470	5,011	5,011

On 31 March 2010, 5,011,470 ordinary shares were issued for £1 each

9 Reserves

	Profit and loss account £'000
At 4 April 2011	(9,346)
Loss for period	(10,319)
At 1 April 2012	(19,665)

10 Reconciliation of movements in shareholders' deficit

	2012 £'000	2011 £'000
Loss for the period	(10,319)	(9,346)
Issue of shares	-	5,011
Net reduction to shareholders' deficit	(10,319)	(4,335)
Opening shareholders' deficit	(4,335)	-
Closing shareholders' deficit	(14,654)	(4,335)

11 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 wholly owned entities that are included in the consolidated financial statements of Cath Kidston Group Limited

Cath Kidston PFSCo Limited

**Notes forming part of the financial statements
for the period ended 1 April 2012 (*continued*)**

12 Ultimate parent company

At 1 April 2012 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

The ultimate controlling party of the group is TA Equity funds (TAX Limited partnership 39% shareholding and TA Atlantic & Pacific VI Limited Partnership 19.5% shareholding)

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