

Cath Kidston PFSCo Limited

Report and Financial Statements

Period Ended

3 April 2011

Company Number 7180374



Cath Kidston PFSCo Limited

Report and financial statements for the period ended 3 April 2011

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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 3 April 2011

The directors present their report together with the audited financial statements for the period ended 3 April 2011. The company was incorporated on 5 March 2010 and changed its name from Stanley PFSCO Limited on 29 June 2010.

Results and dividends

The profit and loss account is set out on page 6 and shows the loss for the period.

The directors do not recommend the payment of a dividend.

Principal activities, trading review and future developments

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 Island Stock Exchange and interest accrues at 12.5% per annum during the period. Interest is rolled up and payable on the final repayment date of 31 March 2109, unless previously redeemed. Interest of £9,346,000 was accrued and rolled up on the shareholder loan notes during the period.

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.

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	(appointed 12 March 2010)
C Parkin	(appointed 12 March 2010)
B Ally	(appointed 5 March 2010, resigned 17 March 2010)

Cath Kidston PFSCo Limited

Report of the directors for the period ended 3 April 2011 (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 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,
- 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, who were appointed as first auditors of the company by the directors, have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the Board



J Ghinn

Secretary

17 August 2011

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 period ended 3 April 2011 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 3 April 2011 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*

17 August 2011

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 3 April 2011

	Note	£'000
Operating profit	2	-
Interest payable and similar charges	3	(9,346)
Loss on ordinary activities before taxation		(9,346)
Taxation on loss from ordinary activities	4	-
Loss on ordinary activities after taxation	9, 10	(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 11 form part of these financial statements

Cath Kidston PFSCo Limited

Balance sheet
at 3 April 2011

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

The financial statements were approved by the Board of Directors and authorised for issue on 17 August 2011



J Ghinn
Director

The notes on pages 7 to 11 form part of these financial statements

Cath Kidston PFSCo Limited

Notes forming part of the financial statements for the period ended 3 April 2011

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The financial statements cover the period from 5 March 2010 to 3 April 2011.

The following principal accounting policies have been applied:

Going concern

During the period, the company made a loss of £9,346,000 and the balance sheet shows net liabilities of £4,335,000. The directors have considered the situation and have concluded that it is appropriate to prepare the financial statements on the going concern basis. This is due to the trading company within the group being profitable and strongly cash generative, and due to the group operating within its loan facilities available. In addition, 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 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 realisable value and value in use if events or changes in circumstances indicate that the carrying value may not be recoverable.

Taxation

The charge for taxation is based on the result for the year 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.

Cath Kidston PFSCo Limited

Notes forming part of the financial statements
for the period ended 3 April 2011 (*continued*)

1 Accounting policies (*continued*)

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 the group company.

3 Interest payable and similar charges	£'000
Accrued interest on shareholder loan notes	9,346

4 Taxation on loss from ordinary activities	£'000
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Current tax

UK corporation tax on losses of the period	-
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Deferred tax

Origination and reversal of timing differences	-
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Taxation on loss on ordinary activities	-
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The tax assessed for the period differs from the standard rate of corporation tax in the UK. The differences are explained on the next page.

Cath Kidston PFSCo Limited

Notes forming part of the financial statements
for the period ended 3 April 2011 (*continued*)

4 Taxation on loss from ordinary activities (*continued*)

	£'000
Loss on ordinary activities before tax	(9,346)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 28%	(2,617)
Effects of	
Expenses not deductible for tax purposes	1,552
Short term timing differences	233
Group relief surrendered	832
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 £233,000

5 Fixed asset investments

	Subsidiary in group undertakings £'000
Additions and as at 3 April 2011	76,511

Subsidiary undertakings

The principal undertakings in which the company's interest in at the year 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 3 April 2011 (*continued*)**

6	Creditors amounts falling due after more than one year	£'000
	Shareholder loan notes	71,500
	Accrued interest on shareholder loan notes	9,346
		<hr/> 80,846 <hr/>

Maturity of debt

**Shareholder
Loan notes
£'000**

In more than 5 years 80,846

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 Island Stock Exchange. Interest on the loan notes accrues at 12.5% per annum during the period. Interest is rolled up and payable on final repayment date of 31 March 2109.

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 2010. Interest on the loan accrues at 12.5% per annum. The accrued interest at the period end is £9,346,000.

All of the loan notes and rolled up interest are due for re-payment on 31 March 2109.

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.

8 Share capital

	<i>Allotted, called up and fully paid</i>	
	Number	£'000
Ordinary shares of £1 each	5,011,470	5,011
	<hr/>	<hr/>

During the period, the company issued 5,011,470 £1 ordinary shares for consideration of £5,011,000.

Cath Kidston PFSCo Limited

Notes forming part of the financial statements
for the period ended 3 April 2011 (*continued*)

9 Reserves

Profit
and loss
account
£'000

Loss for period (9,346)

At 3 April 2011 (9,346)

10 Reconciliation of movements in shareholders' funds

£'000

Loss for the period (9,346)

Issue of shares 5,011

Net reduction to shareholders' funds (4,335)

Closing shareholders' funds (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 entities that are included in the consolidated financial statements of Cath Kidston Group Limited because the company is a wholly owned subsidiary

12 Ultimate parent company

At 3 April 2011 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