Cath Kidston PFSCo Limited

Annual Report and Financial Statements

for the 52 weeks ended 26 March 2017

Registered number: 07180374

Cath Kidston PFSCo Limited

Contents

Cath Kidston PFSCo Limited

Strategic Report

The Directors present their strategic report for the 52 week period ended 26 March 2017.

Principal Activities

Cath Kidston PFSCo Limited ("PFSCo") is an intermediate holding company and will continue to be so for the foreseeable future and the principal activity of its subsidiary undertakings is that of designer, wholesaler and retailer of fabrics, home furnishing products and fashion accessories.

Review of the business

The income statement on page 6 shows a loss on ordinary activities before tax of £13.0m (2016: loss of £11.3m).

There has been no significant change in the nature or level of activity during the period and the Directors do not expect this to change significantly throughout the next financial period.

Change in ownership

During September 2016 Baring Private Equity Asia ("Baring Asia") acquired the equity stake of TA Associates, the US private equity company, becoming the controlling majority shareholder in Cath Kidston Group Limited ("Cath Kidston Group"). Baring Asia also purchased a 31.25% stake in PFSCo's subsidiary Cath Kidston Mezzco Limited, leaving PFSCo with a 68.75% holding.

As part of this change in ownership, the Company redeemed some of the shareholder loan notes below par and recognised a gain on redemption of £62,000.

Principal risks and uncertainties

The Board has overall responsibility for the company's approach to assessing risk and recognises that creating value is the reward for taking and accepting risk. Executive management implements the Board's policies on risk and control and provides assurance on compliance with these policies.

The company's financial assets and liabilities mainly compromise shareholder loan notes and inter-group payables and receivables.

At the balance sheet date there were no significant concentrations of credit risk.

From the perspective of the Company, the principal risk relates to the servicing of the interest on the shareholder loan notes. The Company is managing this risk by paying the interest as non-cash and adding it to the outstanding debt until March 2018. After March 2018, the Company will be paying interest in cash. The shareholder loan notes of a long term nature and are not due for repayment until 2109.

Future Outlook

The Company's performance is expected to continue throughout the next financial period and it is anticipated that the current performance levels will be maintained.

Key Performance Indicators

Given the straightforward nature of the business, the Directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business.

Approval

This Strategic Report was approved on behalf of the Board of Directors and signed on behalf of the Board on 21 July 2017.

N Harrington
Director
21 July 2017

Cath Kidston PFSCo Limited

Directors' report

The Directors present their annual report together with the audited financial statements for the 52 weeks ended 26 March 2017.

Dividends

No dividend was paid or proposed during the year (2016: £nil).

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.

Directors

The directors, who served throughout the year except as noted, were as follows:

K Albolote (appointed 13 September 2016)
W Flanz (appointed 13 September 2016)
N Harrington
C Parkin (resigned 13 September 2016)
L Widengren (resigned 13 September 2016)

Directors indemnities

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

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.

A resolution to reappoint Deloitte LLP will be proposed at the forthcoming Annual General Meeting.

Approved by the Board and signed on its behalf by:

N Harrington
Director
21 July 2017

Registered Office: Frestonia, 125 - 135 Freston Road, London, W10 6TH

Directors' responsibilities statement

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report including 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 Financial Reporting Standard 101 Reduced Disclosure Framework. 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards has 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.

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 26 March 2017 which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 17. 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), including FRS 101 "Reduced Disclosure Framework".

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 auditor

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 26 March 2017 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, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

Independent auditor's report to the members of Cath Kidston PFSCo Limited

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.

E Cox

Emma Cox BAACA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
21 July 2017

Cath Kidston PFSCo Limited
Profit and loss account
For the 52 weeks ended 26 March 2017

	Note	2017 £000	2016 £000
Administrative expenses		52	(10)
Operating profit/(loss)		52	(10)
Interest receivable and similar income	6	489	474
Interest payable and similar charges	7	(13,550)	(11,813)
Loss on ordinary activities before tax		(13,009)	(11,349)
Tax	8	-	-
Loss for the financial year	5	(13,009)	(11,349)

Cath Kidston PFSCo Limited
Statement of comprehensive income
For the 52 weeks ended 26 March 2017

	2017 £000	2016 £000
Loss for the year	(13,009)	(11,349)
Items that will not be reclassified subsequently to profit or loss:		
Income tax relating to items not reclassified	-	-
	-	-
Items that may be reclassified subsequently to profit or loss:		
Income tax relating to items that may be reclassified	-	-
	-	-
Other Comprehensive income for the period net of tax	-	-
Total Comprehensive loss for the period attributable to the Owners of the Company	(13,009)	(11,349)

Cath Kidston PFSCo Limited
Balance sheet
As at 26 March 2017

	Note	2017 £000	2016 £000
Non - current assets			
Investments in subsidiaries	9	76,511	76,511
		76,511	76,511
Current assets			
Debtors	10	21,443	20,955
Total assets		97,954	97,466
Creditors: Amounts falling due within one year			
Trade and other payables	11	(602)	(524)
		(602)	(524)
Net current assets		20,841	20,431
Total assets less current liabilities		**97,352**	**96,942**
Creditors: Amounts falling due after more than one year			
Borrowings	12	(121,762)	(108,343)
Total liabilities		(122,364)	(108,867)
Net liabilities		(24,410)	(11,401)
Capital and reserves			
Called up share capital	13	5,011	5,011
Profit and loss account		(29,421)	(16,412)
Total shareholders' funds		(24,410)	(11,401)

The financial statements were approved by the board of directors and authorised for issue on 21 July 2017. They were signed on its behalf by:

N Harrington
Director

Registered number: 07180374

Cath Kidston PFSCo Limited
Statement of changes in equity

	Share Capital	Profit and loss account	Total
	£000	£000	£000
Balance at 29 March 2015	**5,011**	**(5,063)**	**(52)**
Loss for the period	-	(11,349)	(11,349)
Other comprehensive income for the period	-	-	-
Total comprehensive loss for the period	-	(11,349)	(11,349)
Balance at 27 March 2016	5,011	**(16,412)**	**(11,401)**
Loss for the period	-	(13,009)	(13,009)
Other comprehensive income for the period	-	-	-
Total comprehensive loss for the period	-	(13,009)	(13,009)
Balance at 26 March 2017	**5,011**	**(29,421)**	**(24,410)**

Cath Kidston PFSCo Limited
Notes to the financial statements
For the 52 weeks ended 26 March 2017

1. General information

Cath Kidston PFSCo Limited is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 2. The nature of the company's operations and its principal activities are set out in the strategic report on page 1.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the company operates.

These financial statements are separate financial statements. The company is exempt from the preparation of consolidated financial statements, because it is included in the group accounts of Cath Kidston Group Limited. The group accounts of Cath Kidston Group Limited are available to the public and can be obtained from Companies House.

2. Significant accounting policies

Basis of accounting

The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payment, financial instruments, capital management, presentation of a cash-flow statement, standards not yet effective, impairment of assets and related party transactions.

Where relevant, equivalent disclosures have been given in the group accounts of Cath Kidston Group Limited. The group accounts of Cath Kidston Group Limited are available to the public and can be obtained from Companies House.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services. The principal accounting policies adopted are set out below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Going concern

During the period, the company made a loss of £13.0m (2016: loss of £11.3m) and the balance sheet shows net current assets of £20.8m (2016: £20.4m) and net liabilities of £24.4m (2016: £11.4m). The company has no liabilities which fall due within twelve months of the approval of the financial statements and 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 until March 2109. Only interest accruing after March 2018 is payable in cash on an annual basis.

The Company's subsidiaries are guarantors of the Group's debt facilities and going concern is therefore assessed across the Group as a whole. During the period, to strengthen the Group's cash flow and covenant headroom position, the shareholders have injected a further £25m of funding into the Group, part of which was used to pay down some of the Group's bank debt. On 21 June 2017, the Group's shareholders agreed to a further £25m of funding to be injected into the Group.

2. Significant accounting policies (continued)

Going concern (continued)

The directors have considered the Group's cash flow forecasts, including the headroom on covenants and loan facilities available, and have concluded that there will be sufficient resources available to meet the Group's liabilities as they fall due. As a result, the financial statements have been prepared on a going concern basis.

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less, where appropriate, provisions for impairment.

Operating loss

Operating loss is stated after charging restructuring costs but before investment income and finance costs.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2. Significant accounting policies (continued)

Financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial Assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified as 'loans and receivables'.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Financial liabilities

Financial liabilities are classified as 'other financial liabilities'.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The critical judgements involving estimations that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements are listed below.

Fair value measurements and valuation processes

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes.

In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Further information can be found in note 14.

Impairment of investments in subsidiaries

Determining whether the Company's investments in subsidiaries have been impaired requires estimations of the investments' values in use. The value in use calculations require the entity to estimate the future cash flows expected to arise from the investments and suitable discount rates in order to calculate present values. The carrying amount of investments in subsidiaries at the balance sheet date was £76.5m with no impairment loss recognised in 2017 or 2016.

4. Non underlying items within loss before tax

Operating loss for the year has been arrived at after charging / (crediting)

	2017 £000	2016 £000
Included within administrative expenses:		
Refinancing	(62)	-
	(62)	-

The refinancing income relates to the redemption below par of PFS notes as part of the refinancing of the Group.

5. Loss for the year

The Company's audit fee of £2,000 is borne by Cath Kidston Limited (2016: £2,000). There are no employees in the Company other than the executive directors (2016: nil). Directors' remuneration is borne by Cath Kidston Group Limited.

6. Interest receivable and similar income

	2017 £000	2016 £000
Interest receivable:		
Other loans and receivables	489	474
	489	474

7. Interest payable and similar charges

	2017 £000	2016 £000
Interest payable on shareholder loan notes	(13,537)	(11,800)
Interest payable to group companies	(13)	(13)
	(13,550)	(11,813)

8. Tax

	2017 £000	2016 £000
Corporation tax:		
UK corporation tax	-	-
Adjustments in respect of prior years	-	-
- UK corporation tax	-	-
	-	-
Deferred tax	-	-
	-	-

Corporation tax is calculated at 20 per cent (2016:20 per cent) of the estimated taxable profit for the year.

The charge for the year can be reconciled to the profit in the profit and loss account as follows:

	2017 £000	2016 £000
Loss before tax on continuing operations	(13,009)	(11,349)
Tax at the UK corporation tax rate of 20% (2016: 20%)	(2,602)	(2,270)
Tax effect of expenses that are not deductible in determining taxable profit	2,707	2,360
Group relief surrendered	(105)	(90)
Tax expense for the year	-	-

No amounts relating to tax have been recognised in other comprehensive income.

9. Investment in subsidiaries

	£000
Cost	
At 27 March 2016	76,511
Additions	-
Disposals	-
At 26 March 2017	76,511

There have been no impairment losses recognised during the period (2016: £nil).

Details of the Company's subsidiaries at 26 March 2017 are as follows:

Name	Place of incorporation and principal place of business	Proportion of ownership interest %	Holding type	Proportion of voting power held %
Cath Kidston Mezzco Limited	United Kingdom	68.75%	Ordinary	100%
Cath Kidston Acquisitions Limited*	United Kingdom	68.75%	Ordinary	100%
Cath Kidston Limited*	United Kingdom	68.75%	Ordinary	100%
Cath Kidston Spain S.L.U.*	Spain	68.75%	Ordinary	100%
Cath Kidston Asia Pacific Limited*	Hong Kong	68.75%	Ordinary	100%
Cath Kidston Trading (Shanghai) Limited*	China	68.75%	Ordinary	100%
Cath Kidston Japan K.K.*	Japan	68.75%	Ordinary	100%

* Companies not directly held by Cath Kidston PFSCo Limited

The investments in subsidiaries are all stated at cost less provision for impairment.

The registered address of all the United Kingdom subsidiaries is Frestonia, 125 – 135 Freston Road, London W10 6TH.

The registered address of Cath Kidston Spain S.L.U is 7th Floor, Plaza Marques de Salamanca 3-4, 28006, Madrid, Spain.

The registered address of Cath Kidston Asia Pacific Limited is Chang Leung Hui + Li CPA Ltd, 12th Floor, No. 3 Lockhart Road, Wanchai, Hong Kong.

The registered address of Cath Kidston (Shanghai) Ltd is Unit 205, 550 Wuding Road, JingAn District, 200040 Shanghai, China.

The registered address of Cath Kidston Japan K.K. is Omotesando Lab 3F, 3-5-43 Kita-Aoyama, Minato-Ku, Japan, 107-0061.

10. Trade and other receivables

	2017 £000	2016 £000
Amounts owed by group undertakings	21,443	20,955
	21,443	20,955

Interest on group loans accrues at base rate plus 2.0% per annum.

All debtors are due within one year and are payable on demand.

11. Trade and other payables

	2017 £000	2016 £000
Amounts owed to group undertakings	(602)	(524)
	(602)	(524)

Interest on group loans accrues at base rate plus 2.0% per annum.

All trade and other payables are due within one year and are payable on demand.

12. Borrowings

	2017 £000	2016 £000
Unsecured borrowing at amortised cost		
Shareholder loan notes	(121,762)	(108,343)
	(121,762)	(108,343)
Total borrowings		
Amount due for settlement within 12 months	-	-
Amount due for settlement after 12 months	121,762	108,343

The Company has issued shareholder loan notes of £103m (2016: £103m). No additional shareholder loan notes were issued during 2017 (2016: £20 million). The original notes were issued on 30 March 2010 and are listed on the Channel Islands Securities Exchange Limited. Interest on the notes accrues at 12.5% per annum during the year. The principal element of the notes falls due for repayment on 31 March 2109. Interest which accrues and is rolled up, on shareholder loan notes before 31 March 2018 is added to the principal loan balance outstanding, and falls due for repayment on 31 March 2109. After 30 March 2018, interest payable on the outstanding loan notes is payable in cash on an annual basis.

Cath Kidston PFSCo Limited
Notes to the financial statements (continued)
For the 52 weeks ended 26 March 2017

13. Share capital

	2017 £000	2016 £000
Authorised:		
5,011,470 ordinary shares of £1 each	5,011	5,011
Issued and fully paid:		
5,011,470 ordinary shares of £1 each	5,011	5,011

The Company has one class of ordinary shares which carry no right to fixed income.

14. Financial Instruments

Categories of financial instruments held at fair value

	2017 £000	2016 £000
Financial liabilities at fair value		
Other	121,762	108,343

The Company issues financial instruments to finance its operations. These instruments are not traded. Long term notes have a fixed rate and are issued to secure funding for future developments of the Group as a whole. The Company manages liquidity risk with the option to roll up interest by way of payment-in-kind. The Group is not exposed to currency risk as all borrowings are denominated in sterling.

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of financial assets and financial liabilities are determined as follows.

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes listed redeemable notes, bills of exchange, debentures and perpetual notes).

15. Events after the balance sheet date

There have been no events subsequent to the balance sheet date requiring amendment or disclosure.

16. Related party transactions

The Company has taken advantage of the exemption allowed under FRS 101 "Reduced Disclosure Framework" not to disclose any transactions with wholly owned entities that are included in the consolidated financial statements of Cath Kidston Group Limited. There were no other related party transactions.

17. Controlling party

In the opinion of the Directors, 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 is Baring Private Equity Asia V Holding (18) Limited ("Baring Asia"), incorporated in Hong Kong.

Copies of the group financial statements of Cath Kidston Group Limited are available from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.