

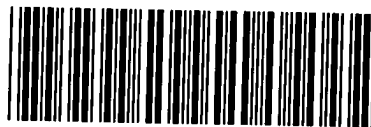
# **Hobbs Holdings No.4 Limited**

## **Annual Report and Financial Statements**

**For the 52 week period ended 30 March 2019**

Registered number: 05270891

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# **Hobbs Holdings No.4 Limited**

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# **Hobbs Holdings No.4 Limited**

## **Officers and professional advisers**

### **Directors**

A Fadeeva  
J Hampshire

### **Registered number**

05270891

### **Registered Office**

Milton Gate  
60 Chiswell Street  
London  
EC1Y 4AG

### **Banker**

Barclays Bank Plc  
28 Hampstead High Street  
London  
United Kingdom  
NW3 1QE

### **Auditor**

Deloitte LLP  
Statutory Auditor  
London  
United Kingdom

# Hobbs Holdings No.4 Limited

## Strategic report

The Directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

### Principal activity

Hobbs Holdings No.4 Limited (the "Company") is a wholly owned subsidiary of Hobbs Holdings No.2 Limited.

The principal activity of the Company is that of an intermediate holding company. This will continue in the foreseeable future.

### Review of the business

In the period ended 30 March 2019 the Company made a profit of £nil (2018: £7,356,000 - loss).

At 30 March 2019 the Company had net liabilities of £47,393,000 primarily due to other subsidiaries of its ultimate parent Hobbs Fashion Holdings Limited (2018: £47,393,000 - liability).

### Key performance indicators

Key performance indicators are not applicable at a holding company level and are considered at a group level.

### Principal risks and uncertainties

Hobbs is a well-established brand, with a loyal customer following and distinct identity. The Directors are of the opinion that the principal risk facing the business is its ability to continue to design and retail clothing and accessories which are considered by the Company's customers to be both attractive and affordable. The performance of the economy in general will always remain a risk to the business, in particular in light of the well documented economic uncertainties stemming from the UK's planned exit from the European Union.

The Company's operations expose it to a variety of financial risks that include the effects of changes in foreign currency exchange rates, liquidity risk and interest rate risk. The Company seeks to limit the adverse effects on the financial performance of the Company where possible by using forward rate contracts and monitoring levels of cash holdings, debt finance and related finance costs. The policies set by the Board of Directors are implemented by the Company's finance department. Foreign exchange, credit, liquidity and interest rate risk are managed at Director level.

### Future developments

The Directors anticipate that the Company will continue to act as a holding Company for the Hobbs Group trading entities for the foreseeable future with no anticipated changes in the financing or investments held.

Approved by the Board and signed on its behalf by:



**A Fadeeva**  
Director



**J Hampshire**  
Director

Date: 29/7/2019

Milton Gate  
60 Chiswell Street  
London  
EC1Y 4AG

# Hobbs Holdings No.4 Limited

## Directors' report

The Directors present their annual report on the affairs of Hobbs Holdings No.4 Limited ('the Company'), together with the financial statements and auditor's report, for the 52 week period ended 30 March 2019.

The comparatives shown are for the 14 month period to 31 March 2018 and are not comparable.

Under section 414C(11) of the Act, the Directors may include in the strategic report such of the matters otherwise required by regulations made under section 416(4) to be disclosed in the Directors report as the disclosures are considered of strategic importance to the Company. The Directors have included details of future developments in the strategic report.

### Future developments

Details of future developments can be found in the strategic report on page 2.

### Events after the balance sheet date

There were no significant events since the balance sheet date.

### Going concern

The Board has prepared financial forecasts for the current and subsequent trading periods which indicate that the Company, as part of the group headed by The Foschini Group Limited, will have sufficient resources to continue in operational existence for a period of at least 12 months from the date of approval of the financial statements and enable it to meet its liabilities as they fall due.

The Company is in a net liability position at the year-end. As the liability is owed to a group company and payable on demand, the loan will not be called until the Company is in a position to pay. The Company has obtained a letter of support from Hobbs Fashion Holdings Limited confirming financial support will be provided in respect of the liabilities owed.

### Financial risk management objectives and policies

The Company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the Company's policies approved by the board of Directors, which provide written principles on the use of financial derivatives to manage these risks. The Company does not use derivative financial instruments for speculative purposes.

#### *Cash flow risk*

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Company uses foreign exchange forward contracts to hedge these exposures.

#### *Credit risk*

The Company's principal financial assets are bank balances and cash and trade and other receivables.

The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

#### *Liquidity risk*

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company uses a mixture of long-term and short-term debt finance.

Further details regarding liquidity risk can be found in the Statement of accounting policies in the financial statements.

# Hobbs Holdings No.4 Limited

## Directors' report (continued)

### Dividends

The Directors have not approved or proposed any dividends for the period ended 30 March 2019 (2018 - £nil).

### Directors

The Directors, who served throughout the period and to the date of this report, except as noted, were as follows:

A Fadeeva (appointed 6 April 2018)  
M Lustman (resigned 2 January 2019)  
J Hampshire (appointed 2 January 2019)

### Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its Directors and Directors of the wider Hobbs group which were made during the period 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:

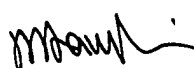
- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that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

Deloitte LLP have expressed their willingness to continue in office as auditor and appropriate arrangements are being made for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board and signed on its behalf by:

  
**A Fadeeva**  
Director

  
**J Hampshire**  
Director

Date:

29/7/2019

Milton Gate  
60 Chiswell Street  
London  
EC1Y 4AG

# **Hobbs Holdings No.4 Limited**

## **Directors' responsibilities statement**

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 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), including FRS 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; 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 Hobbs Holdings No.4 Limited**

## **Report on the audit of the financial statements**

### **Opinion**

In our opinion the financial statements of Hobbs Holdings No.4 Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 30 March 2019 and of its result for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 16.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We are required by ISAs (UK) to report in respect of the following matters where:

- the Directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

### **Other information**

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.



# **Independent auditor's report to the members of Hobbs Holdings No.4 Limited (continued)**

## **Responsibilities of Directors**

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, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

## **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## **Report on other legal and regulatory requirements**

### **Opinions 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 period 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 or the Directors' report.

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

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

### **Use of our report**

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.



Emily Cheevers FCA (Senior Statutory Auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom

29/7/2019

## Hobbs Holdings No.4 Limited

### Statement of comprehensive income

For the 52 week period ended 30 March 2019

		Period ended 30 March 2019 £'000	14 month period ended 31 March 2018 £'000
	Note		
Administrative expenses		-	(7,356)
<b>Operating loss</b>		-	(7,356)
<b>Loss before taxation</b>		-	(7,356)
Tax on profit or loss	6	-	-
<b>Net result/(loss) and total comprehensive result/(loss) for the financial period attributable to the owners of the Company</b>	11	-	(7,356)

Turnover and operating loss are all derived from continuing operations.

The notes on pages 11 to 22 form part of these financial statements.


# Hobbs Holdings No.4 Limited


## Balance sheet

As at 30 March 2019

	Note	2019 £'000	2018 £'000
<b>Fixed assets</b>			
Investments	7	26,667	26,667
		<u>26,667</u>	<u>26,667</u>
<b>Current assets</b>			
Debtors	8	21,252	21,252
Cash at bank and in hand		7	7
		<u>21,259</u>	<u>21,259</u>
<b>Creditors: Amounts falling due within one year</b>	9	(95,319)	(95,319)
<b>Net current liabilities</b>		<u>(74,060)</u>	<u>(74,060)</u>
<b>Total assets less current liabilities</b>		<u>(47,393)</u>	<u>(47,393)</u>
<b>Net liabilities</b>		<u>(47,393)</u>	<u>(47,393)</u>
<b>Capital and reserves</b>			
Called-up share capital	10	1,800	1,800
Profit and loss account	11	(49,193)	(49,193)
		<u>(47,393)</u>	<u>(47,393)</u>

The financial statements of Hobbs Holdings No.4 Limited (registered number 05270891) were approved by the board of Directors. They were signed on its behalf by:

  
**A Fadeeva**  
 Director

  
**J Hampshire**  
 Director

Date: 29/7/2019

Milton Gate  
 60 Chiswell Street  
 EC1Y 4AG

## Hobbs Holdings No.4 Limited

### Statement of changes in equity

For the 52 week period ended 30 March 2019

	Note	Called-up Share capital £'000	Profit and loss account £'000	Total £'000
<b>Balance at 28 January 2017</b>		1,800	(41,837)	(40,037)
Loss for the period		-	(7,356)	(7,356)
<b>Total comprehensive loss for the period</b>		-	(7,356)	(7,356)
<b>Balance at 31 March 2018</b>		1,800	(49,193)	(47,393)
Net result for the period	11	-	-	-
<b>Total comprehensive result for the period</b>		-	-	-
<b>Balance at 30 March 2019</b>		<b>1,800</b>	<b>(49,193)</b>	<b>(47,393)</b>

# Hobbs Holdings No.4 Limited

## Notes to the financial statements

For the 52 week period ended 30 March 2019

### 1. General information

Hobbs Holdings No.4 Limited (the 'company') is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is shown on page 1.

The nature of the Company's operations and its principal activities are set out in the strategic report on page 2.

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 and delivery of consolidated financial statements, because it is included in the group accounts of The Foschini Group Limited. The group accounts of The Foschini Group Limited are available to the public and can be obtained as set out in note 14.

### Adoption of new and revised Standards

#### Impact of initial application of other amendments to IFRS Standards and Interpretations

In the current period, the Company has applied a number of amendments to IFRS Standards and Interpretations issued by the International Accounting Standards Board (IASB) that are effective for an annual period that begins on or after 1 January 2018. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IAS 16 and IAS 38 <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	<p>The Company has adopted the amendments to IAS 16 and IAS 38 <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> for the first time in the current year. The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:</p> <ul style="list-style-type: none"><li>a) when the intangible asset is expressed as a measure of revenue; or</li><li>b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.</li></ul> <p>As the Company already uses the straight-line method for depreciation and amortisation for its property, plant and equipment and intangible assets, respectively, the adoption of these amendments has had no impact on the Company's financial statements.</p>
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# Hobbs Holdings No.4 Limited

## Notes to the financial statements

For the 52 week period ended 30 March 2019

### 1. General information (continued)

#### Adoption of new and revised Standards (continued)

<i>IFRS 9 - Financial Instruments (Replacing IAS 39 – Financial Instruments – Recognition and Measurement)</i>	<p>The Company has adopted IFRS 9 – Financial Instruments (as revised in July 2014) for the first time in the current year for years beginning on or after January 1, 2018. This standard incorporates amendments to the classification and measurement of financial instruments. As permitted by IFRS 9, the Company has elected not to restate its comparative financial statements. IFRS 9 has been retrospectively adopted on 1 April 2018 with an adjustment made to the Company's opening 1 April 2018 retained earnings.</p> <p>IFRS 9 introduced new requirements for:</p> <ol style="list-style-type: none"><li>1. The classification and measurement of financial assets and financial liabilities,</li><li>2. Impairment of financial assets, and</li><li>3. General hedge accounting.</li></ol> <p>Further information with regards to the impact of these changes in accounting policies is provided in note 16 of these accounts.</p>
<i>IFRIC 22 Foreign Currency Transactions and Advance Consideration</i>	<p>IFRIC 22 addresses how to determine the 'date of transaction' for the purpose of determining the exchange rate to use on initial recognition of an asset, expense or income, when consideration for that item has been paid or received in advance in a foreign currency which resulted in the recognition of a non-monetary asset or non-monetary liability (for example, a non-refundable deposit or deferred revenue).</p> <p>The Interpretation specifies that the date of transaction is the date on which the entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the Interpretation requires an entity to determine the date of transaction for each payment or receipt of advance consideration.</p>

### 2. Significant accounting policies

#### Basis of accounting

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the Financial Reporting Council. In the 52 week period ended 30 March 2019 the Company has changed its accounting framework from Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ('FRS 102') to Financial Reporting Standard 101 "Reduced Disclosure Framework" ('FRS 101') and has, in doing so, applied the requirements of IFRS 1.6-33 and related appendices. These financial statements have been prepared in accordance with FRS 101.

There were no material adjustments required to restate the prior period financial statements on adoption of FRS 101 in the current period.

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 comparative information in respect of certain assets, 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 The Foschini Group Limited.

# Hobbs Holdings No.4 Limited

## Notes to the financial statements

For the 52 week period ended 30 March 2019

### 2. Significant accounting policies (continued)

#### Basis of accounting (continued)

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

The Company's functional and presentational currency is pound sterling as that is the currency of the primary economic environment in which the entity operates.

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.

#### Going concern

The Board has prepared financial forecasts for the current and subsequent trading periods which indicate that the Company, as part of the group headed by The Foschini Group Limited, will have sufficient resources to continue in operational existence for a period of at least 12 months from the date of approval of the financial statements and enable it to meet its liabilities as they fall due.

The Company is in a net liability position at the year-end. As the liability is owed to a group company and payable on demand, the loan will not be called until the Company is in a position to pay. The Company has obtained a letter of support from Hobbs Fashion Holdings Limited confirming financial support will be provided in respect of the liabilities owed.

#### Investments in subsidiaries

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

#### Operating profit

Operating profit 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 period. 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.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

#### Current tax and deferred tax for the period

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.

# Hobbs Holdings No.4 Limited

## Notes to the financial statements

For the 52 week period ended 30 March 2019

### 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.

If the transaction price differs from fair value at initial recognition, the Company will account for such difference as follows:

- if fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised as a gain or loss on initial recognition (i.e. day 1 profit or loss);
- in all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability).

After initial recognition, the deferred gain or loss will be released to profit or loss such that it reaches a value of zero at the time when the entire contract can be valued using active market quotes or verifiable objective market information. Depending on the type of financial instrument, the Group can adopt one of the following policies for the amortisation of day 1 gain or loss:

- calibrate unobservable inputs to the transaction price and recognise the deferred gain or loss as the best estimates of those unobservable inputs change based on observable information; or
- release the day 1 gain or loss in a reasonable fashion based on the facts and circumstances (i.e. using either straight-line or non-linear amortisation).

#### 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. Transaction costs directly attributable to the acquisition of financial assets classified as at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.



# Hobbs Holdings No.4 Limited

## Notes to the financial statements

For the 52 week period ended 30 March 2019

### 2. Significant accounting policies (continued)

#### Financial instruments (continued)

##### *Effective interest method*

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

##### *Loans and receivables*

Trade debtors, loans, and other debtors 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.

##### *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. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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*

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

##### *Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

##### *Financial liabilities*

Financial liabilities are classified as 'other financial liabilities'.

# Hobbs Holdings No.4 Limited

## Notes to the financial statements

For the 52 week period ended 30 March 2019

### 2. Significant accounting policies (continued)

#### Financial instruments (continued)

##### *Other financial liabilities*

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

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

##### *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 (other than those involving estimations) that have a significant impact on the amounts recognised and to make 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.

##### *Critical judgements in applying the Company's accounting policies*

The following are the critical judgements 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.

##### **Impairment**

Determining whether there are indicators of impairment of the Company's investments requires management judgement. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and, where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

##### *Key sources of estimation uncertainty*

There are not considered to be any key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### 4. Auditor's remuneration

Auditor's remuneration for the audit of the financial statements of £2,600 (2018: £2,500) was borne, in both periods, by the Company's subsidiary Hobbs Limited in relation to fees payable for the audit of the Company's annual accounts.

There were no non-audit fees in the period (2018: £nil).

# Hobbs Holdings No.4 Limited

## Notes to the financial statements

For the 52 week period ended 30 March 2019

### 5. Staff costs

The Company had no employees during the period (2018: nil) other than the Directors, who did not receive any remuneration from the Company (2018: £nil).

See note 13 for additional information on Directors' remuneration.

### 6. Tax on profit or loss

There was no tax charge for the period (2018: £nil).

Corporation tax is calculated at 19% (2018: 19.14%) of the estimated taxable profit for the period.

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

	<b>Period ended 30 March 2019 £'000</b>	<b>14 month period ended 31 March 2018 £'000</b>
Loss before tax	-	(7,356)
Tax at the UK corporation tax rate of 19% (2018: 19.14%)	-	(1,409)
Tax effect of expenses that are not deductible in determining taxable profit	-	1,414
Transfer pricing adjustment	(399)	(451)
Group relief for nil consideration	399	446
Tax expense for the period	-	-

### Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 21% to 20% (effective 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Company's future current tax charge accordingly.

# Hobbs Holdings No.4 Limited

## Notes to the financial statements

For the 52 week period ended 30 March 2019

### 7. Fixed asset investments

	2019 £'000	2018 £'000
Subsidiaries	26,667	26,667
	<u>26,667</u>	<u>26,667</u>
<b>Subsidiaries</b>		<b>£'000</b>
<b>Cost</b>		
At 1 April 2018		26,667
At 30 March 2019		<u>26,667</u>
<b>Carrying amount</b>		
At 30 March 2019		<u><b>26,667</b></u>
At 31 March 2018		<u>26,667</u>

Note 15 includes details of all related undertakings.

In the period ended 31 March 2018, fixed asset investments were impaired as a result of the acquisition of Hobbs Fashion Holdings Limited (a parent of Hobbs Holding No.4 Limited) by TFG Brands (London) Limited. This was recorded within administrative expenses.

### 8. Debtors

	2019 £'000	2018 £'000
<b>Amounts falling due within one year:</b>		
Amounts owed by subsidiaries	<u>21,252</u>	<u>21,252</u>

The amounts owed by subsidiaries are unsecured, repayable on demand and no interest is charged.

# Hobbs Holdings No.4 Limited

## Notes to the financial statements

For the 52 week period ended 30 March 2019

### 9. Creditors

	2019 £'000	2018 £'000
<b>Amounts falling due within one year:</b>		
Amounts owed to parent company	78,862	78,862
Amounts owed to subsidiaries	16,457	16,457
	<u>95,319</u>	<u>95,319</u>

The amounts owed to the parent company and subsidiaries are repayable on demand and no interest is charged.

There is an amendment and restatement agreement executed on 16 November 2018 on which the bank borrowings of the Group are secured. The possibility of an outflow in respect of these guarantees is considered remote and so the effect is not quantified.

### 10. Called-up share capital

	2019 £'000	2018 £'000
<b>Authorised:</b>		
1,800,000 ordinary shares of £1 each (2018: 1,800,000 shares of £1 each)	<u>1,800</u>	<u>1,800</u>
<b>Issued and fully paid:</b>		
1,800,000 ordinary shares of £1 each (2018: 1,800,000 shares of £1 each)	<u>1,800</u>	<u>1,800</u>

### 11. Profit and loss account

	£'000
Balance at 28 January 2017	(41,837)
Net loss for the period	<u>(7,356)</u>
Balance at 1 April 2018	<u>(49,193)</u>
Net result for the period	<u>-</u>
Balance at 30 March 2019	<u>(49,193)</u>

### 12. Events after the balance sheet date

There were no significant events since the balance sheet date.

# **Hobbs Holdings No.4 Limited**

## **Notes to the financial statements**

For the 52 week period ended 30 March 2019

### **13. Related Party Transactions**

#### **Directors' remuneration**

Due to the nature of operations of the wider group, the remuneration of the Directors for their services to the Company is not contained in the records of the Company and it is not possible to make an accurate apportionment of their emoluments in respect of each of the individual companies. Therefore, no amounts were recharged to the Company during the current or prior period. The Directors are remunerated for their services to the wider group of companies headed by the Company's ultimate parent, The Foschini Group Limited. This remuneration is disclosed in the consolidated financial statements of The Foschini Group Limited, copies of which can be obtained by writing to The Foschini Group Limited, Stanley Lewis Centre, 340 Voortrekker Road, Parow East 7500, Cape Town, South Africa.

#### **Group transactions**

The Company has taken advantage of the exemption allowed by FRS 101, not to disclose any transactions with entities that are included in the consolidated financial statements of The Foschini Group Limited, the ultimate parent on the grounds that 100% of the voting rights in the Company are controlled within that group and the Company is included within those financial statements.

### **14. Controlling party**

In the opinion of the Directors, the Company's ultimate parent company and ultimate controlling party is The Foschini Group Limited, a company incorporated in South Africa.

The parent undertaking of the largest group, which includes the Company and for which group accounts are prepared, is The Foschini Group Limited, a company incorporated in South Africa with registered address Stanley Lewis Centre, 340 Voortrekker Road, Parow East, 7500, Cape Town, South Africa. Copies of the group financial statements of The Foschini Group Limited are available from [www.tfglimited.co.za](http://www.tfglimited.co.za).

The parent undertaking of the smallest group, which includes the Company and for which group accounts are prepared, is The Foschini Group Limited, a company incorporated in South Africa with registered address Stanley Lewis Centre, 340 Voortrekker Road, Parow East, 7500, Cape Town, South Africa. Copies of the group financial statements of The Foschini Group Limited are available from [www.tfglimited.co.za](http://www.tfglimited.co.za).

The Company's immediate controlling party is Hobbs Holdings No. 2 Limited.

# Hobbs Holdings No.4 Limited

## Notes to the financial statements

For the 52 week period ended 30 March 2019

### 15. Related Undertakings Disclosure

The parent company and the Company have investments in the following subsidiary undertakings, associates and other investments.

#### Subsidiary undertakings

Name	Registered office address	Class of shares	Holding
Hobbs Headco Limited	60 Chiswell Street, London, England	Ordinary	100%
Inhoco 2756 Limited	60 Chiswell Street, London, England	Ordinary	100%
Peace & Quiet Limited*	60 Chiswell Street, London, England	Ordinary	100%
Inhoco 2748 Limited*	60 Chiswell Street, London, England	Ordinary	100%
Hobbs Retailer Irl Limited*	16/17 College Green, Dublin 2, Ireland	Ordinary	100%
Hobbs Limited*	60 Chiswell Street, London, England	Ordinary	100%
Hobbs de Inghlittera Srl*	63822 Porto San Gorgio, Italy, Italy	Ordinary	100%
Hobbs International S.A.*	4 Rue de la Presses – 1000 Brussels, Belgium	Ordinary	100%
Hobbs Finance Limited*	60 Chiswell Street, London, England	Ordinary	100%
Hobbs London Inc*	2711 Centerville Road, Suite 400, Wilmington, Delaware 19808, USA	Ordinary	100%
Hobbs East LLC*	2711 Centerville Road, Suite 400, Wilmington, Delaware 19808, USA	Ordinary	100%
Hobbs De GmbH*	Cecilienallee 43 40474 Dusseldorf, Germany	Ordinary	100%
Hobbs (Middle East) Limited*	60 Chiswell Street, London, England	Ordinary	100%

\*Indirect holding

The principal business activities of these subsidiaries are as follows:

Hobbs Limited designs and retails fashion clothes and shoes.

Hobbs Retailers Irl Limited, Hobbs De GmbH, Hobbs East LLC and Hobbs (Middle East) Limited retail fashion clothes and shoes.

Hobbs di Inghlittera Srl manufactures shoes.

Inhoco 2756 Limited and Hobbs London Inc are intermediate holding companies.

Hobbs Headco Limited, Peace & Quiet Limited, Inhoco 2748 Limited, Hobbs International S.A. and Hobbs Finance Limited are not currently trading.

#### Jointly controlled entities

Name	Registered office address	Class of shares	Holding
Hobbs (Hong Kong) Limited*	Unit 1003-05, Seaview Commercial Building, 21 Connaught Road West, Sheung Wan, Hong Kong	Ordinary	50%

The principal business activity of the subsidiary is the retail of fashion clothes and shoes.

\*Indirect holding

## **Hobbs Holdings No.4 Limited**

### **Notes to the financial statements**

For the 52 week period ended 30 March 2019

#### **16. Transitioning to FRS 101**

No adjustments were identified in the transition from FRS 102 to FRS 101 and therefore no note with the reconciliation of opening equity and reconciliation of total comprehensive income for the prior year has been presented.