

**REGISTRAR OF
COMPANIES**

Hobbs Holdings No.4 Limited

Report and Financial Statements

Year Ended

29 January 2011

Company Number 5270891

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Hobbs Holdings No.4 Limited

Report and financial statements for the year ended 29 January 2011

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Directors

N J Dulieu
S Luscombe
L Woodhouse

Secretary and registered office

S Luscombe, Milton Gate, 60 Chiswell Street, London, EC1Y 4AG

Company number

5270891

Auditors

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

Bankers

Barclays Bank Plc, 28 Hampstead High Street, London, NW3 1QE

Hobbs Holdings No.4 Limited

Report of the directors for the year ended 29 January 2011

The directors present their report together with the audited financial statements for the year ended 29 January 2011

Results and dividends

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

The directors have not approved any dividends for the period (2010 - £Nil)

Principal activities, trading review and future developments

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

Post balance sheet events

On 9 May 2011 the group completed a refinancing of its banking facilities. A four year term loan of £20m and a revolving credit facility of £12.5m was made available to Hobbs Holdings No 4 Limited. The loan was used to repay in full the Senior B debt owed by the company and the mezzanine facility owed by Hobbs Holdings No 3 Limited. The balance of the loan and the revolving credit facility will be made available to the group for general corporate working capital purposes.

On 20 May 2011, 100% of the share capital of Hobbs Holdings No 4 Limited was sold by Hobbs Holdings No 3 Limited to Hobbs Holdings No 2 Limited, another company within the Hobbs Fashion Holdings Limited group as part of a group reorganisation exercise. In addition, as part of this exercise, Hobbs Holdings No 4 Limited acquired a 100% shareholding in Inhoco 2756 Limited. This was acquired from Inhoco 2748 Limited for a total consideration of £1. On the same date, Hobbs Headco Limited hived its assets and liabilities to Hobbs Holdings No 4 Limited for net consideration of £516,540 and declared a dividend in kind of £516,540.

Directors and their interests

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

N J Dulieu

M Spearing (resigned 31/12/10)

C J Easteal (resigned 22/10/10)

S Luscombe (appointed 22/10/10)

L Woodhouse (appointed 31/01/11)

Hobbs Holdings No.4 Limited

Report of the directors for the year ended 29 January 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.

Directors' Assessment of Going Concern

The loss for the year is stated after charging interest on intercompany loans of £15,218,000 (2010 - £14,316,000) and receiving interest on intercompany debtor balances of £4,659,000 (2010 - £8,141,000) which are both non-cash items. There have been no other transactions in the period. The net liabilities of the company at 29 January 2011 were £72,950,000 (2010 - £11,233,000), reflecting the impact of the net interest charge which does not represent a cash flow strain on the company.

In light of the above, and after making other enquiries, the directors have a reasonable expectation that the company, as part of the group headed by Hobbs Fashion Holdings Limited, will continue in operational existence for the foreseeable future. The group has cash balances of £3,800,000 at 29 January 2011, continues to be profitable and is anticipated to generate cash in excess of cash interest due and scheduled debt repayments. Accordingly, the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Hobbs Holdings No.4 Limited

Report of the directors for the year ended 29 January 2011 (*Continued*)

Disclosure of information to auditor

Each of the persons who are a director at the date of approval of this annual 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 they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information

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

On behalf of the Board



S Luscombe
Director

23 June 2011

Hobbs Holdings No.4 Limited

Independent auditor's report

TO THE MEMBERS OF HOBBS HOLDINGS NO 4 LIMITED

We have audited the financial statements of Hobbs Holdings No 4 Limited for the year ended 29 January 2011 which the profit and loss accounts, 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 29 January 2011 and of its loss for the year 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 year for which the financial statements are prepared is consistent with the financial statements.

Hobbs Holdings No.4 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*

23 June 11

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

Hobbs Holdings No.4 Limited

Profit and loss account for the year ended 29 January 2011

	Note	2011 £'000	2010 £'000
Administrative expenses		-	-
Exceptional cost	2	(14,238)	-
		<hr/>	<hr/>
Operating loss	2	(14,238)	-
Interest receivable	3	4,659	8,141
Interest payable and similar charges	4	(15,702)	(15,412)
Exceptional interest cost	5	(37,402)	-
		<hr/>	<hr/>
Loss on ordinary activities before taxation		(62,683)	(7,271)
Taxation credit on loss on ordinary activities	6	966	11
		<hr/>	<hr/>
Loss on ordinary activities after taxation	12,13	(61,717)	(7,260)
		<hr/>	<hr/>

All amounts relate to continuing activities

All recognised gains and losses have been included in the profit and loss account

The notes on pages 8 to 14 form part of these financial statements

Hobbs Holdings No.4 Limited

Balance sheet
at 29 January 2011

<i>Company number 5270891</i>	Note	2011 £'000	2011 £'000	2010 £'000	2010 £'000
Fixed assets					
Investments	7		71,942		86,180
Current assets					
Debtors	8				
- due within one year		46		43	
- due after more than one year		265		42,707	
		311		42,750	
Cash at bank and in hand		13		13	
		324		42,763	
Creditors, amounts falling due within one year	9	1,844		3,054	
Net current assets			(1,520)		39,709
Total assets less current liabilities			70,422		125,889
Creditors, amounts falling due after more than one year	10		143,372		137,122
			(72,950)		(11,233)
Capital and reserves					
Called up share capital	11		1,800		1,800
Profit and loss account	12		(74,750)		(13,033)
Shareholders' deficit	13		(72,950)		(11,233)

The financial statements were approved by the Board of Directors and authorised for issue on 23 June 2011. They were signed on its behalf by



S Luscombe
Director

The notes on pages 8 to 14 form part of these financial statements

Hobbs Holdings No.4 Limited

Notes forming part of the financial statements for the year ended 29 January 2011

1 Accounting policies

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

The company is exempt from preparing consolidated financial statements for its group under Section 400 of the Companies Act 2006, as the company's ultimate parent, Hobbs Fashion Holdings Limited, is incorporated in the United Kingdom and prepares group financial statements. These financial statements present information about the company only and not the group which it heads

The financial statements are made up to 29 January 2011 (2010: 30 January 2010), the closest Saturday to 31 January. The following principal accounting policies have been applied:

Valuation of investments

Investments held as fixed assets are stated at cost less any provision for impairment. Investments held as current assets are stated at the lower of cost and net realisable value.

Finance costs

Finance costs of debt are initially capitalised and then amortised to the profit and loss account over the term of the instruments at a constant rate on the carrying amount of the debt.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at the annual general meeting.

2 Operating loss

Audit fees for the company were borne by Hobbs Limited.

The operating loss is stated after an exceptional cost of £14,238,000 (note 7) in respect of an impairment of the value of the investment in Hobbs Headco Limited.

3 Interest receivable	2011 £'000	2010 £'000
Intercompany loans	4,659	8,141

Hobbs Holdings No.4 Limited

Notes forming part of the financial statements
for the year ended 29 January 2011 (Continued)

4 Interest payable and similar charges

	2011 £'000	2010 £'000
Bank loans	378	830
Bank interest	106	107
Intercompany loans	15,218	14,316
Amortisation of finance costs (note 10)	-	159
	<u>15,702</u>	<u>15,412</u>

5 Exceptional interest cost

	2011 £'000	2010 £'000
Exceptional interest cost	37,402	-
	<u>37,402</u>	<u>-</u>

The exceptional interest cost of £37,402,000 is in respect of a provision against interest due from Hobbs Headco Limited (note 8)

6 Taxation on loss on ordinary activities

	2011 £'000	2010 £'000
Current tax	(967)	(185)
Adjustment in respect of prior periods	1	174
	<u>(966)</u>	<u>(11)</u>

Hobbs Holdings No.4 Limited

Notes forming part of the financial statements
for the year ended 29 January 2011 (Continued)

6 Taxation on loss on ordinary activities (continued)

The tax assessed for the year differs from the standard rate of corporation tax in the UK. The differences are explained below

	2011 £'000	2010 £'000
Loss on ordinary activities before taxation	(62,683)	(7,271)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 28% (2010 - 28%)	(17,551)	(2,036)
Effects of		
Expenses not deductible for tax purposes	16,584	-
Non taxable income	-	1,851
Adjustment in respect of prior periods	1	174
Group relief surrendered/(received)	967	(129)
Payment for group relief (surrendered)/received	(967)	129
Current tax credit for the year	(966)	(11)

7 Fixed asset investments

	Investment in subsidiary undertaking £'000
Cost 31 January 2010	86,180
Provision for impairment (note 2)	(14,238)
At 29 January 2011	71,942

On 20 May Hobbs Holdings No. 4 Limited acquired a 100% shareholding in Inhoco 2756 Limited (see note 16)

Hobbs Holdings No.4 Limited

Notes forming part of the financial statements
for the year ended 29 January 2011 (Continued)

7 Fixed asset investments (continued)

Details of the investments in which the company holds more than 10% of the nominal value of any class of share capital are as follows

Name	Country of incorporation or registration	Nature of business
Subsidiary undertakings (all 100% owned)		
Hobbs Headco Limited	England	Holding company
Indirectly held (all 100% owned)		
Inhoco 2748 Limited	England	Holding company
Inhoco 2756 Limited	England	Holding company
Peace & Quiet Limited	England	Holding company
Hobbs di Inghilterra Srl	Italy	Manufacture of shoes
Tomaificio Aurora Srl	Italy	Manufacture of shoes
Hobbs Retailer Irl Limited	Ireland	Retail of fashion clothes
Hobbs Limited fashion	England	Design and retail of clothes and shoes
Hobbs International S A	Belgium	Dormant
Hobbs Finance Limited	England	Dormant

8 Debtors

	2011 £'000	2010 £'000
Other debtors	46	43
Amounts owed by group undertakings	265	42,707
	<u>311</u>	<u>42,750</u>

£265,000 (2010 - £42,707,000) of the amounts owed by group undertakings are not due for payment within one year. The amount due from group undertakings is shown net of a provision of £37,402,000 (see note 5)

9 Creditors: amounts falling due within one year

	2011 £'000	2010 £'000
Bank loans (secured - note 10)	1,803	3,041
Accruals and deferred income	41	13
	<u>1,844</u>	<u>3,054</u>

Hobbs Holdings No.4 Limited

Notes forming part of the financial statements
for the year ended 29 January 2011 (Continued)

10 Creditors: amounts falling due after more than one year

	2011 £'000	2010 £'000
Bank loans (secured)	3,705	11,090
Amounts owed to group undertakings	139,667	126,032
	<u>143,372</u>	<u>137,122</u>

The bank loan is shown net of finance costs of £Nil (2010 - £Nil) which have been capitalised in accordance with Financial Reporting Standard 4. During the year a charge of £Nil (2010 - £159,000) for amortisation was made.

There is an intercreditor deed executed on 19 December 2004 by all group companies 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.

Bank loans

	2011 £'000	2010 £'000
Maturity		
Within one year	1,803	3,041
In more than one year but not more than two years	3,705	6,691
In more than two years but not more than five years	-	4,399
	<u>5,508</u>	<u>14,131</u>

The bank loan bears interest at LIBOR plus margin up to 2.75% and is secured on the assets of the company and the group.

The loan was repaid in full on 9 May 2011 (see note 16).

11 Share capital

	Authorised		Allotted, called up and fully paid	
	2011 Number	2010 Number	2011 Number	2010 Number
Ordinary shares of £1 each	1,800,000	1,800,000	1,800,000	1,800,000
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Ordinary shares of £1 each	1,800	1,800	1,800	1,800

Hobbs Holdings No.4 Limited

Notes forming part of the financial statements
for the year ended 29 January 2011 (*Continued*)

12 Reserves

	Profit and loss account £'000
At 31 January 2010	(13,033)
Loss for the year	(61,717)
	<hr/>
At 29 January 2011	(74,750)
	<hr/>

13 Reconciliation of movements in shareholders' deficit

	2011 £'000	2010 £'000
Loss for the year	(61,717)	(7,260)
Opening shareholders' deficit	(11,233)	(3,973)
	<hr/>	<hr/>
Closing shareholders' deficit	(72,950)	(11,233)
	<hr/>	<hr/>

14 Related party transactions

The company has taken advantage of the exemption allowed by Financial Reporting Standard 8, "Related Party Transactions", not to disclose any transactions with entities that are included in the consolidated financial statements of Hobbs Fashion Holdings Limited because the company is wholly owned subsidiary

15 Cash flow statement

The company has not presented a cash flow statement. It has taken advantage of the exemption in FRS 1 (revised 1996) "Cash Flow Statements", as the ultimate parent company, Hobbs Fashion Holdings Limited has included a consolidated cash flow statement in its own consolidated financial statements

Hobbs Holdings No.4 Limited

**Notes forming part of the financial statements
for the year ended 29 January 2011 (*Continued*)**

16 Post Balance sheet Events

On 9 May 2011 the group completed a refinancing of its banking facilities. A four year term loan of £20m and a revolving credit facility of £12.5m was made available to Hobbs Holdings No 4 Limited. The loan was used to repay in full the Senior B debt owed by the company and the mezzanine facility owed by Hobbs Holdings No 3 Limited. The balance of the loan and the revolving credit facility will be made available to the group for general corporate working capital purposes.

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17 Ultimate parent company

At 29 January 2011 the company's immediate parent company was Hobbs Holdings No 3 Limited.

The company's ultimate parent company and ultimate controlling party was Hobbs Fashion Holdings Limited, which is the parent of both the smallest and largest groups of which the company is a member and for which group financial statements are prepared. Copies of the financial statements of Hobbs Fashion Holdings Limited are available from Companies House.