

Pet City Holdings Limited

**Directors' report and financial
statements**

Registered number 2342109

25 March 2010

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Company information

Company registration number	2342109
Directors	M S Davies I M Kellett
Registered office	Epsom Avenue Stanley Green Trading Estate Handforth Cheshire SK9 3RN
Secretary	L A Stonier
Bankers	Barclays Bank plc Level 11 20 Chapel Street Liverpool L3 9AG
Solicitors	DLA 101 Barbirolli Square Manchester M2 3DL
Auditor	KPMG LLP St James' Square Manchester M2 6DS

Directors' report

The directors present their annual report and the audited financial statements for the year ended 25 March 2010

Principal activities

The principal activity of the company is that of an investment holding company

The company did not trade during the current or preceding year, incurred no liabilities, and consequently made neither a profit nor a loss. The directors do not recommend the payment of a dividend (2009 £nil)

Directors and directors' interests

The directors who held office during the year were as follows

M S Davies
I M Kellett

Going Concern

The directors believe the company is well placed to manage its business risks successfully and therefore have a reasonable expectation that the company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office

By order of the board



I M Kellett
Director
13 October 2010

Epsom Avenue
Stanley Green Trading Estate
Handforth
Cheshire
SK9 3RN

Statement of directors' responsibilities in respect of the Annual Report and the financial statements

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 year. Under that law they have elected to prepare the company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 their profit or loss for that period. In preparing the company financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and 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,
- 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 its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



KPMG LLP

St James' Square
Manchester
M2 6DS
United Kingdom

Independent auditors' report to the members of Pet City Holdings Limited

We have audited the financial statements of Pet City Holdings Limited for the year ended 25 March 2010 set out on pages 6 to 11. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 auditors' 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 Directors' Responsibilities Statement set out on page 3, 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 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 web-site at www.frc.org.uk/apb/scope/UKNP.

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 25 March 2010 and of the company's result for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Independent auditors' report to the members of Pet City Holdings Limited (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 by the company, or returns adequate for our audit have not been received from branches not visited by us, or
- the company 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



David Bills (Senior Statutory Auditor)

Date 13 October 2010

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
St James' Square
Manchester
M2 6DS

Profit and loss account
for the year ended 25 March 2010

During the financial year and the preceding financial year the company did not trade and received no income and incurred no expenditure. Consequently, during those years the company made neither a profit nor a loss.

Statement of total recognised gains and losses
for the year ended 25 March 2010

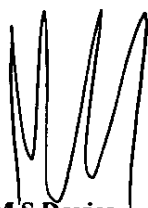
There were no gains or losses recognised in the current or preceding year.

Balance sheet
 at 25 March 2010

	<i>Note</i>	2010 £000	2010 £000	2009 £000	2009 £000
Fixed assets					
Investments	4		4,947		4,947
Current assets					
Debtors	5	22,087		22,087	
Net current assets			22,087		22,087
Total assets less current liabilities			27,034		27,034
Net assets			27,034		27,034
Capital and reserves					
Called up share capital	6		50		50
Share premium account	7		25,050		25,050
Capital redemption reserve	7		1,214		1,214
Capital contributions	7		41,000		41,000
Profit and loss account	7		(40,280)		(40,280)
Shareholder's funds			27,034		27,034

The notes on pages 9 to 11 form part of these financial statements

These financial statements were approved by the board of directors on 13 October 2010 and were signed on its behalf by



M S Davies
 Director

Reconciliation of movements in shareholder's funds
for the year ended 25 March 2010

	2010 £000	2009 £000
Profit for the financial year	-	-
Net addition to shareholder's funds	-	-
Opening shareholder's funds	27,034	27,034
Closing shareholder's funds	27,034	27,034

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards. As the company is a wholly owned subsidiary of Pets at Home Group Limited, it is exempt by virtue of s228 of the Companies Act 2006 from the requirement to prepare group accounts.

The company has taken advantage of the exemption in Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the Pets at Home Group. The consolidated financial statements, within which this company is included, can be obtained from the address given in note 8.

Cash flow statement

Under Financial Reporting Standard 1 (Revised 1996) the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary and the ultimate parent undertaking includes the company in its own published consolidated financial statements.

Investment in subsidiary

The investment in the subsidiary is stated at cost less provisions for impairment in value.

Classification of financial instruments issued by the Company

Financial instruments issued by the Company are treated as equity (i.e. forming part of shareholder's funds) only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Notes (continued)

2 Directors and employees

The company has no employees. The directors receive no remuneration from the company.

3 Auditors' remuneration

Amounts receivable by the Company's auditor in respect of these financial statements are £1,000 (2009 £1,000). This cost is borne by the ultimate parent undertaking.

Amounts receivable by the Company's auditor in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, Pets at Home Group Limited.

4 Fixed asset investments

	2010 £000
Shares in group undertakings	
<i>Cost</i>	
At beginning and end of year	43,550
<i>Provisions</i>	
At beginning and end of year	38,603
<i>Net book value</i>	
At 26 March 2009 and at 25 March 2010	4,947

The investments comprise two subsidiary undertakings, registered in England and Wales as detailed below.

	Nature of business	Proportion of nominal value of equity held	Class of shares
Pet City Limited - directly held	Non trading	100%	Ordinary
Pet City Resources - indirectly held	Non trading	100%	Ordinary

5 Debtors

	2010 £000	2009 £000
Amounts due to group undertakings	22,087	22,087

All debtors are shown as due within one year as they are repayable on demand.

Notes (continued)

6 Share capital

	2010 £000	2009 £000
<i>Authorised</i>		
41,292,158 ordinary shares of 5p	2,065	2,065
	<u> </u>	<u> </u>
<i>Allotted, called up and fully paid</i>		
1,000,001 ordinary shares of 5p	50	50
	<u> </u>	<u> </u>

7 Share premium and reserves

	Share premium account £000	Capital redemption reserve £000	Capital Contributions £000	Profit and loss Account £000
At beginning and end of year	25,050	1,214	41,000	(40,280)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

8 Ultimate parent company and parent undertaking of larger group of which the company is a member

The company is a subsidiary undertaking of Pets at Home Holdings Limited, a company registered in England and Wales

The ultimate parent company of the group is KKR My Best Friend Lux S a r l, which is owned by Kohlberg Kravis & Roberts & Co L P ('KKR') via funds which hold an investment of 79.37%

The smallest UK group in which the results of the company are consolidated is that headed by Pets at Home Group Limited and the largest UK group is that headed by KKR My Best Friend UK Finco Limited. The consolidated financial statements of both these companies are available to the public and may be obtained from Companies House, Crown Way, Maindy, Cardiff