

REDCATS (BRANDS) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 27th DECEMBER 2008

Registered No. 110433

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REDCATS (BRANDS) LIMITED
DIRECTORS' REPORT

The directors submit their report and the audited financial statements for the period ended 27th December 2008.

Business review and principal activities

The company is a wholly owned subsidiary of PPR S.A. and operates as part of the group's UK division.

The company's principal activity is home shopping retailing in the UK. During 2007, the net assets and the trades of the two Young Fashion brands - La Redoute (UK) Ltd and Vert Baudet (UK) Ltd - were transferred into Redcats (Brands) Ltd as continuing operations. In January 2008 a decision was taken to cease trading the 'Empire Stores' catalogue with effect from July 2008. The 'Empire Stores' trading name and various assets of the company were sold to Littlewoods Shop Direct Group Ltd.

As a result of the decision to cease trading under the 'Empire Stores' brand, the company proposed redundancies of 850 jobs. In December 2008, the company announced proposals for redundancy consultations affecting a further 130 staff. Currently, 805 members of staff have been made redundant. After taking into account staff that have left the business without being made redundant, there remained proposals for 48 staff to be made redundant.

Financial review

Young Fashion trading performance has been mixed. The delay in the Spring Summer collections in an effort to make the range more current proved unsuccessful and there were problems with the websites early in the year, both of which have been resolved for 2009. Autumn Winter performance was stronger with improved activity per customer.

Average order value is a key performance indicator that management consider to be important. The average of the Young Fashion Autumn Winter 2008 catalogues was £78 (2007: £75).

The business is conducted through two main channels: paper and web. During the period under review, the continued investment in the web platform has shown the benefit of an increase in web sales from 45.7% of demand in 2007 to 49.5% in 2008 for the combined Young Fashion brands.

The bad debt to sales ratio of 7.5% has increased from prior year ratio of 5.5% due to the adverse economic conditions.

Empire Stores traded until July 2008 and then sold its assets, taking a loss relating mainly to debtors and stock. Further restructuring costs were incurred relating to adapting the cost base to the new scale of the business (total cost £32.3m). The company also received a VAT refund of £14.2m and interest thereon of £21.6m during the period.

In order to mitigate the net liabilities at the 2007 balance sheet date and the further Empire Stores closure costs the company issued £40.0m of share capital on 23rd January 2008. The reconciliation of movements in equity shareholders' funds on page 9 of the financial statements shows the impact that the retained profit for the period has had on the net assets of the company.

REDCATS (BRANDS) LIMITED

DIRECTORS' REPORT

(Continued)

Business review and principal activities (continued)

In terms of cash, the company has improved significantly over the prior period as a result of the issue of £40.0m of share capital and VAT refund referred to above.

In March 2009, the company's parent company, Redcats (UK) plc made a payment of £24.3m to the retirement benefit schemes to reduce significantly the schemes' deficits (see note 4 Staff costs (continued)).

Principal risks and uncertainties

Competitive environment: Competitive pressure in the UK is a continuing risk for the company, from a multi-channel perspective. The company manages this risk through implementation of competitive and efficient promotional activity.

Cashflow risk: The company hedges foreign exchange risk by taking out forward contracts and options. The company is indirectly exposed to interest rate risk in that any interest rate fluctuations affecting the company's debtor book (which has been sold to a group company, Redcats Finance Limited) are recharged/credited back to the company.

Credit risk: The company's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of allowances for doubtful receivables. The trade debtor exposure is spread over a large number of customers.

Liquidity risk: The UK group operates a cash pooling arrangement. In order to ensure that the group has sufficient funds for ongoing operation and future developments the group uses a mixture of short-term and longer-term debt finance.

Results

The results of the company are set out on page 8. The profit after tax for the period is £12,172,000 (period ended 30th December 2007: loss £16,203,000). The retained profit for the period of £12,172,000 has been added to reserves (period ended 29th December 2007: loss deducted from reserves £16,203,000).

Directors

The directors who served during the period and subsequently are shown below:

Director	Appointment date	Director	Resignation date
F. Deve	27 th March 2009	H. Heavisides	11 th January 2008
A.C. Oates	20 th January 2004	J.E. Madeley	19 th December 2008
H. Ohlsson	1 st September 2008	S.M.M. Roche	21 st April 2009
A.C. Thomson	19 th December 2008		

Donations

During the period, the company made contributions totalling £9,660 (period ended 29th December 2007: £8,220), all of which were for charitable purposes.

REDCATS (BRANDS) LIMITED

DIRECTORS' REPORT

(Continued)

Employee Involvement

The framework of company-wide and departmental consultative and bargaining arrangements, which has been developed in previous periods, continues to operate. In a period of significant challenge, change, and opportunity for the company, it provides an essential basis for the maintenance of good industrial relations and for developing a deeper understanding of the needs of the business, its employees and its customers.

Auditors

On 1 December 2008, Deloitte & Touche LLP changed its name to Deloitte LLP. A resolution to re-appoint Deloitte LLP as the Company's auditor will be proposed at the forthcoming Annual General Meeting.

Disabled Persons

The company offers appropriate employment, training and promotion to disabled people where the disability does not materially affect work-performance. Should it become necessary, every effort would be made in accordance with this policy to continue the employment of anyone becoming disabled whilst in the service of the company.

Financial Statements

So far as each of the directors is aware, there is no relevant audit information that has not been disclosed to the company's auditors and each of the directors believes that all steps have been taken that ought to have been taken to make them aware of any relevant audit information and to establish that the company's auditors have been made aware of that information. This confirmation is given and should be interpreted in accordance with the provision of s234ZA of the Companies Act 1985.

Supplier Payment Policy

Company policy is to agree payment terms with all suppliers and to settle payment within those agreed terms on satisfactory delivery of goods and services by the supplier. The average creditor payment period for trade creditors at 27th December 2008 was 14 days (29th December 2007 was 20 days).

Going concern

In assessing whether the company's accounts can be prepared on a going concern basis, the directors have taken into account that the company participates in a cash pooling arrangement in conjunction with its UK subsidiary companies. Consequently, due to the collective nature of the Redcats UK cash pool, in assessing the going concern of the company, the directors have also considered the trading and cash flow forecasts of all of the Redcats UK cash pool participants. The Redcats UK cash pool has access to £30.0m of funds from the parent company of Redcats Group PLC, Redcats SA and a further £12.5m from its bankers.

The directors have reviewed the company's and the Redcats UK group's forecasts and taken due consideration of the sensitivity to trading conditions in the current uncertain economic climate. In particular, the directors have considered the forecast cash flows and projected funding required, and available, for the twelve months from the date of approval of the annual report and accounts.

REDCATS (BRANDS) LIMITED
DIRECTORS' REPORT
(Continued)

Going concern (continued)

After critically assessing these reviews, the directors have formed a reasonable expectation that the combined funding available from the Redcats UK cash pool sources will be sufficient so that the company can continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the company's annual report and accounts.

Directors' responsibilities for preparing 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 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). The financial statements are required by law to 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:

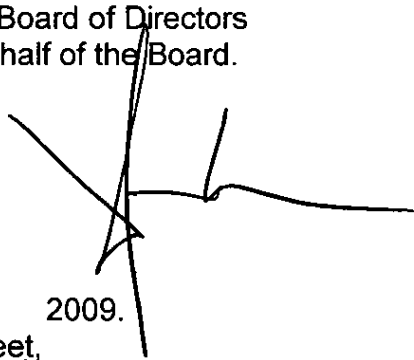
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

The directors confirm that the above requirements have been complied with in the financial statements.

Approved by the Board of Directors
and signed on behalf of the Board.

H.B. Ohlsson
Director



29 October 2009.
2 Holdsworth Street,
Bradford.
BD1 4AH.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
REDCATS (BRANDS) LIMITED

We have audited the financial statements of Redcats (Brands) Limited for the 52 week period ended 27th December 2008 which comprise the Profit and Loss Account, the Reconciliation of Movements in Equity Shareholders Funds, the Balance Sheet, and the related notes 1 to 18. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
REDCATS (BRANDS) LIMITED
(Continued)

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 27th December 2008 and of its profit for the period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Deloitte LLP

Deloitte LLP
Chartered Accountants and Registered Auditors
Leeds

30 October

2009.

REDCATS (BRANDS) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 27th DECEMBER 2008

	Notes	Period ended 27 th December 2008 £'000	Period ended 29 th December 2007 £'000
Turnover			
Continuing operations		72,271	-
Discontinued operations		60,760	137,334
		-----	-----
		133,031	137,334
 Cost of Sales	 1	 (64,852)	 (83,947)
		-----	-----
Gross Profit		68,179	53,387
 Net Operating Expenses:			
Exceptional gain (discontinued operations)	1	14,157	-
VAT refund			
Other Net Operating Expenses	1	(62,255)	-

Total Net Operating Expenses		(48,098)	(71,213)
		-----	-----
Operating profit / (loss)			
Continuing operations		3,274	-
Discontinued operations		16,807	(17,826)
		-----	-----
Operating profit / (loss)		20,081	(17,826)
Loss on sale of discontinued operations	1	(32,321)	-
Interest receivable and similar income	2	24,125	1,305
Interest payable and similar charges	3	(13)	(126)
		-----	-----
Profit / (loss) on ordinary activities before taxation		11,872	(16,647)
Taxation on profit / (loss) on ordinary activities	5	300	444
		-----	-----
Profit / (loss) on ordinary activities after taxation for the financial period		12,172	(16,203)
		=====	=====

There are no recognised gains and losses other than as stated in the profit and loss account for the current period and previous period. Accordingly no separate statement of total recognised gains and losses is given.

REDCATS (BRANDS) LIMITED

RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

FOR THE PERIOD ENDED 27th DECEMBER 2008

	Period ended 27 th December 2008 £'000	Period ended 29 th December 2007 £'000
Opening equity shareholders' (deficit) / funds	(11,836)	4,367
Shares issued in the period	40,000	-
Profit / (loss) for the financial period	12,172	(16,203)
	-----	-----
Closing equity shareholders' funds / (deficit)	40,336	(11,836)
	=====	=====

REDCATS (BRANDS) LIMITED

BALANCE SHEET

AS AT 27th DECEMBER 2008

	Note	27 th December 2008 £'000	29 th December 2007 £'000
Fixed assets			
Tangible Assets	6	2,829	3,463
Current Assets			
Stocks	7	1,337	18,845
Debtors	8	51,256	152,152
Cash at bank and in hand		61,235	22,493
		113,828	193,490
Creditors: amounts falling due within one period	9	(70,743)	(208,789)
Net current assets / (liabilities)		43,085	(15,299)
Total assets less current liabilities		45,914	(11,836)
Provisions for liabilities	10	(5,578)	-
Net assets / (liabilities)		40,336	(11,836)
Capital and reserves			
Called up share capital	12	45,000	5,000
Profit and loss account	13	(4,664)	(16,836)
Total Equity Shareholders' Funds / (Deficit)		40,336	(11,836)

Approved by the Board on 29 October 2009.

Alan Thomson
Director



Company registered number 110433

REDCATS (BRANDS) LIMITED
ACCOUNTING POLICIES
FOR THE PERIOD ENDED 27th DECEMBER 2008

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards under the historical cost convention.

The principal accounting policies of the company have not changed during the period.

a. Tangible Fixed Assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment.

Depreciation is provided to write off the cost less estimated residual value in equal instalments over the estimated useful economic lives of the assets.

The rates of depreciation are as follows:

- Plant and equipment between 10% and 50% per annum.

b. Taxation

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

c. Stocks

Stocks are valued at the lower of cost and net realisable value. Net realisable value represents estimated selling price less all costs incurred in selling and distribution. Cost is valued at actual purchase price.

d. Catalogue costs

The costs of catalogue production and printing are charged to the profit and loss account as they are incurred, with the exception of certain marketing stock which is carried forward and matched against the relevant trading season.

REDCATS (BRANDS) LIMITED
ACCOUNTING POLICIES
FOR THE PERIOD ENDED 27th DECEMBER 2008
(Continued)

e. **Leases**

Finance leases are capitalised and the resulting lease obligations are included in creditors. The amounts by which the lease payments exceed the recorded lease obligations are treated as finance charges which are amortised over each lease term.

Operating lease rentals are charged against operating profits as they are incurred.

f. **Pension costs**

The amount charged to the profit and loss account in respect of pension costs is the contribution payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

g. **Foreign exchange**

Transactions denominated in foreign currencies are translated at the contracted rate or at the rate ruling at that date. Assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

h. **Turnover**

Turnover consists of the invoiced value of goods and services sold and delivered during the period stated net of value added tax.

i. **Debt factoring**

Debts which are subject to debt factoring arrangements are shown in the balance sheet as trade debtors, with the corresponding inter-group liability within creditors as the associated risks and rewards remain with the company.

REDCATS (BRANDS) LIMITED
ACCOUNTING POLICIES
FOR THE PERIOD ENDED 27th DECEMBER 2008
(Continued)

j. **Going concern**

In assessing whether the company's accounts can be prepared on a going concern basis, the directors have taken into account that the company participates in a cash pooling arrangement in conjunction with its UK subsidiary companies. Consequently, due to the collective nature of the Redcats UK cash pool, in assessing the going concern of the company, the directors have also considered the trading and cash flow forecasts of all of the Redcats UK cash pool participants. The Redcats UK cash pool has access to £30.0m of funds from the parent company of Redcats Group PLC, Redcats SA and a further £12.5m from its bankers.

The directors have reviewed the company's and the Redcats UK group's forecasts and taken due consideration of the sensitivity to trading conditions in the current uncertain economic climate. In particular, the directors have considered the forecast cash flows and projected funding required, and available, for the twelve months from the date of approval of the annual report and accounts.

After critically assessing these reviews, the directors have formed a reasonable expectation that the combined funding available from the Redcats UK cash pool sources will be sufficient so that the company can continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the company's annual report and accounts.

REDCATS (BRANDS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27th DECEMBER 2008

1. Turnover, operating profit / (loss) and exceptional item

Turnover (all of which arises in the United Kingdom) and profit / (loss) on ordinary activities before taxation are attributable to home shopping retailing.

	Period ended 27 th December 2008		Period ended 29 th December 2007	
	Continuing operations	Discontinued operations	Total operations	Discontinued operations
	£'000	£'000	£'000	£'000
Cost of sales	(28,486)	(36,366)	(64,852)	(83,947)
	=====	=====	=====	=====
Gross profit	43,785	24,394	68,179	53,387
	=====	=====	=====	=====
Distribution costs	(37,516)	(22,678)	(60,194)	(49,634)
Administration expenses	(2,995)	934	(2,061)	(21,579)
Exceptional gain	-	14,157	14,157	-
Other operating expenses (net)	-----	-----	-----	-----
	(40,511)	(7,587)	(48,098)	(71,213)
	=====	=====	=====	=====

The exceptional gain relates to a VAT refund of £14.157m. Interest received on this refund was £21.579m - see note 2.

REDCATS (BRANDS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27th DECEMBER 2008
(Continued)

1. Turnover, operating profit / (loss) and exceptional item (continued)

	Period ended 27 th December 2008 £'000	Period ended 29 th December 2007 £'000
Operating profit / (loss) is stated after charging:		
Depreciation		
- owned	1,298	6,514
- leased	887	641
Auditors remuneration for audit services (see below)	87	120
Operating lease charges - plant and machinery	18	437
- other	484	620
Costs for the cessation of Empire Stores Catalogue, comprising:		
- provision against debtors	14,805	5,282
- provision for impairment of fixed assets	25	4,054
- provision against stock	3,562	570
- staff reorganisation provisions	12,101	-
- other non-staff reorganisation provisions	1,828	430
	-----	-----
	32,321	10,336
	=====	=====

The £32.3m cost incurred in the current year has been treated as exceptional as it relates to the loss on the closure of the Empire Stores discontinued operations.

The movement of the costs related to staff reorganisation and other non-staff reorganisation provisions are shown in note 10. The other cessation provisions have been charged to the respective balance sheet amounts. These amounts have been treated as deductible for corporation tax.

The £10.3m costs incurred in the prior year were included in net operating expenses.

REDCATS (BRANDS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27th DECEMBER 2008
(Continued)

1. **Turnover, operating profit / (loss) and exceptional item (continued)**

	Period ended 27 th December 2008 £'000	Period ended 29 th December 2007 £'000
Auditors' remuneration		
Fees payable to the Company's auditors for the audit of the Company's annual accounts	45	45
Fees payable to the Company's auditors and their associates for other services to the Group.		
The audit of the Company's parent company and fellow subsidiaries pursuant to legislation	42	75
	----	----
Total audit fees	87	120
	===	===
 Tax services	 85	 59
Other services	-	144
	----	----
Total non-audit fees	85	203
	===	===

2. **Interest receivable and similar income**

	Period ended 27 th December 2008 £'000	Period ended 29 th December 2007 £'000
Amounts receivable from group companies	2,546	1,305
Other interest receivable	21,579	-
	-----	-----
	24,125	1,305
	=====	=====

3. **Interest payable and similar charges**

	Period ended 27 th December 2008 £'000	Period ended 29 th December 2007 £'000
Amounts payable to group companies	-	27
Finance lease interest	13	79
Other interest payable	-	20
	----	----
	13	126
	===	===

REDCATS (BRANDS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27th DECEMBER 2008
(Continued)

	Period ended 27 th December 2008 £'000	Period ended 29 th December 2007 £'000
4. Staff costs		
Staff costs during the period including directors :		
Salaries and wages	24,278	31,539
Social security	1,952	2,685
Pension costs and life assurance	780	868
	-----	-----
	27,010	35,092
	=====	=====

Redundancy payments made in the year ended 27th December 2008 totalled £8,751,000 and are excluded from the analysis above.

	Number	Number
The average number of employees was:		
Sales and distribution	952	1,445
Administration	325	456
	-----	-----
	1,277	1,901
	=====	=====

Of these employees, 377 were part time (29th December 2007: 589).

	Period ended 27 th December 2008 £'000	Period ended 29 th December 2007 £'000
Directors' emoluments during the period		
Directors' remuneration	868	615
	=====	=====
Remuneration of the highest paid director excluding pension contributions	313	166
	=====	=====

None of the directors are members of a defined benefit pension scheme (period ended 29th December 2007: none). The highest paid director had £nil accrued pension benefits at 27th December 2008 and 29th December 2007.

Directors' remuneration has been borne by Redcats (Brands) Limited for the services provided by the Directors of all subsidiaries in the Group.

REDCATS (BRANDS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27th DECEMBER 2008
(Continued)

4. Staff costs (continued)

Defined Contribution pension scheme

Redcats (Brands) Limited operates a defined contribution scheme for which the pension cost charge for the period amounted to £109,000 (period ended 29th December 2007: £194,000)

Retirement Benefit Scheme

The parent company, Redcats (UK) plc, operates a retirement benefit scheme for which the current service cost recharged to Redcats (Brands) Limited amounted to £671,000 (period ended 29th December 2007: £853,000).

This is a defined benefit multi-employer scheme, the assets and liabilities of which are held independently from the company. The company is unable to identify its share of the underlying assets and liabilities of the scheme as it operates as a shared service organisation and this is further complicated by the historic transfer of employees between group companies. Accordingly, it accounts for the scheme as if it was a defined contribution scheme.

A full actuarial valuation of the scheme at 5 April 2008 prepared by a professional firm of actuaries, Barnett Waddingham, using the projected unit method, indicated that the scheme was 73.3% funded.

The balances shown in the financial statements of the parent company, Redcats (UK) plc, indicated that the multi-employer retirement benefit schemes were in deficit by £13,651,000 for the period ended 27th December 2008 (period ended 29th December 2007: £13,415,000).

Subsequent to the year end, in March 2009, Redcats (UK) plc made a contribution of £24,300,000 to the retirement benefit scheme, sufficient to remove the deficit on an ongoing funding basis for the scheme's financial position as at 5 April 2008. The parent company's agreed contribution rates for the period covering until 1 April 2014 were revised to 9.3% of pensionable salaries for executives and 7.6% of pensionable salaries for general staff.

In October 2009, the scheme was closed for future accrual of benefits, reducing the ongoing service cost and the company contribution to the retirement benefit scheme to nil. The current service cost for the period immediately prior to this closure had reduced to £357,000 on a full year basis.

REDCATS (BRANDS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27th DECEMBER 2008
(Continued)

	Period ended 27 th December 2008 £'000	Period ended 29 th December 2007 £'000
5. Taxation		
U.K. corporation tax at 28% (2007: 30%)	(300)	(106)
Deferred tax :	-	(338)
Timing differences; origination and reversal	----- (300) =====	----- (444) =====

The tax credit calculated for the period is different than that resulting from applying the standard rate of corporation tax in the UK of 28% (period ended 29th December 2007: 30%). The differences are explained below :

	Period ended 27 th December 2008 £'000	Period ended 29 th December 2007 £'000
Profit / (loss) on ordinary activities before taxation	11,872	(16,647)
Tax at 28% (2007: 30%) thereon :	3,324	(4,994)
Effects of :		
Unrelieved tax losses	-	2,872
Utilisation of tax losses	(1,511)	-
Group relief	(1,652)	209
Short term timing differences	(150)	(144)
Expenses not deductible for tax purposes	13	17
Capital allowances less than / (in excess of) depreciation	(24)	1,934
Adjustment to corporation tax in respect of prior periods	(300)	-
Current tax (credit) for the period	----- (300) =====	----- (106) =====

REDCATS (BRANDS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27th DECEMBER 2008
(Continued)

6. Tangible fixed assets

	Plant and Equipment £'000
Cost	
At 30 th December 2007	33,439
Additions	1,551 -----
At 27 th December 2008	34,990 -----
Accumulated depreciation	
At 30 th December 2007	29,976
Provided during period	2,185 -----
At 27 th December 2008	32,161 -----
Net book value at 27 th December 2008	2,829 =====
Net book value at 29 th December 2007	3,463 =====

REDCATS (BRANDS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27th DECEMBER 2008
(Continued)

6. Tangible fixed assets (continued)

Included in plant and equipment at 27th December 2008 are assets held under finance leases:

	£'000
Net book value	
(period ended 29 th December 2007: £1,116,000)	228
	====
Depreciation provided during the period	
(period ended 29 th December 2007: £641,000)	887
	===

7. Stocks

Stocks comprise of goods for resale. The directors consider that the replacement cost of stock is not significantly different from the value shown in the balance sheet.

8. Debtors

	Period ended 27 th December 2008 £'000	Period ended 29 th December 2007 £'000
Due within one year		
Trade debtors	48,492	146,417
Amounts due from parent company and fellow subsidiaries	187	185
Prepayments	885	1,165
Other debtors	1,692	4,385
	-----	-----
	51,256	152,152
	=====	=====

REDCATS (BRANDS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27th DECEMBER 2008
(Continued)

	Period ended 27 th December 2008 £'000	Period ended 29 th December 2007 £'000
9. Creditors: amounts falling due within one year		
Finance lease obligations	-	173
Trade creditors	1,431	15,277
Amounts due to parent company and fellow subsidiaries	57,966	162,231
Other taxation and social security	1,359	3,380
Corporation tax	150	331
Other creditors	1,660	14,037
Accruals and deferred income	8,177	13,360
	-----	-----
	70,743	208,789
	=====	=====

Bank overdrafts are covered by multi-lateral guarantees for all group companies totalling £21,389,000 (period ended 29th December 2007: £6,837,000).

	Period ended 27 th December 2008 £'000	Period ended 29 th December 2007 £'000
10. Provisions for liabilities and charges		
Provision for closure		
At beginning of period	-	-
Charged to profit and loss account	13,929	-
Reclassification	400	
Utilised in period	(8,751)	-
	-----	-----
At end of period	5,578	-
	=====	=====

The provision for closure is for restructuring the cost base to adapt to the new scale of the business, following the sale of the Empire Stores brand in the year. The provision relates to the remaining redundancies and the cost to exit the redundant buildings and I.T. systems.

REDCATS (BRANDS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27th DECEMBER 2008
(Continued)

11. Provisions for liabilities and charges

Deferred taxation liabilities provided :

	Liabilities	
	Period ended 27 th December 2008 £'000	Period ended 29 th December 2007 £'000
At beginning of period	-	338
Current period (credit) / charge	-	(338)
	-----	-----
At end of period	-	-
	=====	=====

Deferred taxation assets un-provided:

	Assets	
	Period ended 27 th December 2008 £'000	Period ended 29 th December 2007 £'000
Capital allowances in excess of depreciation	848	143
Provisions	-	24
Losses	1,559	2,680
Transferred from fellow subsidiaries	-	16
	-----	-----
	2,407	2,863
	=====	=====

Deferred tax assets have not been recognised as there will be no taxable profits against which to release the deferred tax assets in the foreseeable future. There will be no profits chargeable to tax in the foreseeable future due to a tax-deductible pension contribution of £24.3 million by the parent company Redcats UK PLC in March 2009. This nullifies the company's and the group's profits chargeable to tax for the foreseeable future.

REDCATS (BRANDS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27th DECEMBER 2008
(Continued)

	Period ended 27 th December 2008 £'000	Period ended 29 th December 2007 £'000
12. Called up share capital		
45,000,100 authorised shares of £1 each (2007: 5,000,100 shares)	45,000 =====	5,000 =====
45,000,100 ordinary shares of £1 each called up, allotted and fully paid (2007: 5,000,100 shares)	45,000 =====	5,000 =====
On 23 rd January 2008, Redcats (Brands) Limited issued 40 million ordinary shares of £1 each at par.		
		Period ended 27 th December 2008 £'000
13. Profit and loss account		
At 30 th December 2007		(16,836)
Profit for the period		12,172 -----
At 27 th December 2008		(4,664) =====

REDCATS (BRANDS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27th DECEMBER 2008
(Continued)

14. Operating leases

At 27th December 2008 the company was committed to making the following payments during the next year in respect of operating leases:

	Land & buildings		Plant & machinery	
	27 th December 2008 £'000	29 th December 2007 £'000	27 th December 2008 £'000	29 th December 2007 £'000
Leases which expire :				
In one year or less	-	-	1	1
Between two and five years	45	45	39	43
In five years or more	335	335	-	-
	----	----	----	----
	380	380	40	44
	===	===	===	===

15. Cash flow statement

The company has taken advantage of the exemption contained in FRS 1 not to publish its own cash flow statement as it is a wholly owned subsidiary of PPR S.A. and its cash flows are dealt with in the consolidated cash flow statement of that company.

16. Derivatives not included at fair value

The company has derivatives which are not included at fair value in the accounts:

	Principal	Fair Value	
	£'000	2008 £'000	2007 £'000
Forward foreign exchange contracts	3,863	261	70
	=====	=====	=====

The company uses the derivatives to hedge its exposure in foreign currency exchange rates arising from foreign currency purchases. The fair values are based on market values of equivalent instruments at the balance sheet date.

17. Related party transactions

The company has taken advantage of the exemption contained in FRS 8 not to publish details of related party transactions with other group companies as it is a wholly owned subsidiary of PPR S.A.

REDCATS (BRANDS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 27th DECEMBER 2008
(Continued)

18. Ultimate parent company

The company is a wholly owned subsidiary of Redcats (UK) plc, which is registered in England and Wales.

The company's ultimate parent company and ultimate controlling party is PPR S.A., which is incorporated in France. The only group in which the results of the company are consolidated is headed by PPR S.A.

Copies of the group financial statements of PPR S.A. are available from the Company Secretary, Redcats (UK) plc, 2 Holdsworth Street, Bradford, West Yorkshire, BD1 4AH