

Company Registration No. 01781095

Mini Club UK Limited

Annual Report and Financial Statements

For the 52 weeks ended 25 March 2017

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Mini Club UK Limited

Annual report and financial statements For the 52 weeks ended 25 March 2017

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Mini Club UK Limited

Annual report and financial statements For the 52 weeks ended 25 March 2017

Officers and professional advisers

Directors

A Martin (resigned 12 August 2016)
D Talisman
T Anwar (appointed 2 June 2017)
C Wain (appointed 12 August 2016, resigned 2 June 2017)

Company Secretary

L S Medini

Registered Office

Cherry Tree Road
Watford
WD24 6SH

Bankers

HSBC Bank plc
City of London Corporate Office
8 Canada Square
London
E14 5XL

Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
London
United Kingdom

Mini Club UK Limited

Strategic report

The directors, in preparing this Strategic report, have complied with s414C of Companies Act 2006.

Principal activities

The Company's principal activity is as a wholesaling company, with the Mini Club brand operating in conjunction with our strategic partner, Boots. There have not been any significant changes in the Company's principal activity in the period under review. The directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next financial period.

Review of the period

The Company made a profit on ordinary activities before taxation of £1.4m (2016: £1.0m), in the period. The strategic partnership with Boots first began in September 2010. The Mini Club range is now in its tenth season and is currently available in 426 Boots stores, with a small selection of items in a further 47 stores.

Key performance indicators

Turnover has increased by 4% year on year to £30.6m. Operating profits has increased £1.4m from £1.0m in the previous year.

Principal risks and uncertainties

The business review sets out progress made during the year against the challenges that Mothercare plc, its ultimate parent company, has set for the business. In this section some of the principal risks and uncertainties that face the business are set out. This section also forms part of the business review requirements.

The board and the Company do not represent that the risks identified below include all of the risks, whether material or otherwise, of which they ought to be aware. The principal risks and uncertainties facing the Company may include those set out below. It should be borne in mind that this is not an exhaustive list and that there may be other risks that have not been considered or risks that the board consider now are insignificant or immaterial in nature, but that may arise and have a larger effect than originally expected.

External risks

The Company is reliant upon manufacturers in other countries, particularly China, India and the Far East. Global economic conditions will affect the performance of the group's businesses through the effect of exchange rates, principally the US dollar; cost price (including raw material) inflation; governmental and supra-national regulation affecting imports; taxation; duties and levies.

A failure to react appropriately to changes in the economic environment generally or consumer confidence issues affecting the group's core customers in the UK, particularly from a reduction in real disposable income caused by, amongst other things, increases in personal and indirect taxation, interest rate movements affecting housing and social costs and the availability of consumer credit.

Internal risks

Mini Club UK Limited has a reputation for quality, safety and integrity. This may be seriously undermined by adverse press or regulatory comment on aspects of its business whether justified or not. To this end, the Company takes all reasonable care to safeguard the reputation of its brand, particularly in product manufacture and supply areas, by engaging independent third parties to validate critical areas of its manufacturing and supply chain for compliance with its ethical code.

Any disruption to the relationship with key suppliers could adversely affect the Company's ability to meet its sales and profit plans if suitable alternatives could not be found quickly.

Mini Club UK Limited

Strategic report (continued)

Internal risks (continued)

In order to effectively manage risk, a rolling programme of structured risk assessments of those areas having a significant effect on the future of the business is carried out. The intended purpose of the programme is to identify the appropriate risk management processes, controls established, residual risks evaluated and that the necessary action and risk avoidance measures taken or monitoring undertaken. Elements of the programme are reviewed by the internal audit function during the year. The Mothercare plc Audit and Risk committee regularly reviews the process and output of the programme of risk management on behalf of the group.

The internal audit function of the Mothercare plc group supplements the risk-based approach set out above. Furthermore, the group has adopted procedures to ensure auditor independence.

The board believes that the system of internal control described can provide only reasonable and not absolute assurance against material misstatement or loss.

During the course of its review of the system of internal control, the board has not identified nor been advised of any failings or weaknesses which it has determined to be significant. Therefore a confirmation in respect of necessary actions has not been considered appropriate.

Financial risk management objectives and policies

The Company is exposed to financial risk through its financial assets and liabilities. The key financial risk is that the proceeds from financial assets are not sufficient to fund obligations as they fall due. The most important components of financial risk are interest rate risk, currency risk, credit risk, liquidity risk, cash flow risk and price risk.

Due to the nature of the Company's business and the assets and liabilities contained within the Company's balance sheet, the only financial risk the directors consider relevant to this Company is cash flow risk. Key management mitigate these risks by regular monitoring throughout the period.

The Company does not manage its financial risk by the use of derivative financial instruments.

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



L S Medini
Company Secretary

17 July 2017

Mini Club UK Limited

Directors' report

The directors present their annual report together with the audited financial statements and auditor's report for the 52 weeks ended 25 March 2017.

Dividends

During the reporting period a dividend of £5.4m was paid (2016: £nil).

Directors

The directors who served throughout the period, except as noted, are listed on page 1.

Directors' indemnities

Directors' indemnities insurance has been purchased by the ultimate parent company during the period.

Employees

The Company communicates, and reviews with all its employees, its corporate objectives, performance and economic activity relevant to its business. This is achieved through briefings, bulletins, e-mail and video presentations.

The Company is an equal opportunities employer and ensures that recruitment and promotion decisions are made solely on the basis of suitability for the job. Disabled people are given due consideration for employment opportunities and, if employees become disabled, every effort is made to retain them by providing relevant employment aids.

Going concern

After making enquiries, and taking into account the arrangements in place with the strategic partner and the Company's forecasts and projections, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. As a result the directors continue to adopt the going concern basis in preparing the annual financial statements.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as each of the directors is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each of the directors has taken all the steps that he ought to have taken as a director in order to make himself 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 auditors and appropriate arrangements have been put in place for them to be reappointed as auditor in the absence of an Annual General Meeting

Approved by the Board of Directors and signed on its behalf by:

L S Medini
Company Secretary

2017

Mini Club UK 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 judgements 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; 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 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 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 Mini Club UK Limited

We have audited the financial statements of Mini Club UK Limited for the 52 weeks ended 25 March 2017 which comprise the profit and loss account, the balance sheet, the statement of changes in equity and the related notes 1 to 13.

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

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially inconsistent with the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 25 March 2017 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on matters prescribed in the Companies Act 2006

In our opinion the information 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.

Independent auditor's report to the members of Mini Club UK 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, 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.

Neil Yazdani

Neil Yazdani (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

21 July 2017

Mini Club UK Limited

Profit and loss account

For the 52 weeks ended 25 March 2017

	Notes	52 weeks ended 25 March 2017 £'000	52 weeks ended 26 March 2016 £'000
Turnover	2	30,599	29,518
Cost of sales		(29,018)	(28,350)
Gross profit		1,581	1,168
Other operating expenses		(144)	(181)
Operating profit	3	1,437	987
Profit on ordinary activities before taxation		1,437	987
Tax on profit on ordinary activities	4	-	1
Profit for the period	11	1,437	988

All results relate to continuing operations.

There are no recognised gains or losses in either period other than the profit for the period. Accordingly no statement of total comprehensive income is presented.

Mini Club UK Limited

Balance Sheet As at 25 March 2017

	Notes	As at 25 March 2017 £'000	As at 26 March 2016 £'000
Fixed assets			
Tangible assets	5	73	101
Current assets			
Stock	6	2,985	2,679
Debtors	7	31,277	28,334
Cash at bank and in hand		1	1
		34,263	31,014
Creditors: amounts falling due within one year	8	(32,876)	(25,692)
Net current assets		1,387	5,322
Total assets less current liabilities		1,460	5,423
Provision for liabilities	9	(3)	(3)
Net assets		1,457	5,420
Capital and reserves			
Called-up share capital	10	-	-
Profit and loss account	11	1,457	5,420
Shareholders' funds	11	1,457	5,420

The financial statements of Mini Club UK Limited (registered number 01781095) were approved by the Board of directors and authorised for issue on 17 July 2017.

Signed on behalf of the Board of Directors:

D. J. Talisman

D Talisman

Director

Mini Club UK Limited

Statement of changes in equity

For the 52 weeks ended 25 March 2017

	Called up share capital £'000	Profit and loss account £'000	Total £'000
		4,432	4,432
Balance at 28 March 2015	-		
Profit for the period	-	988	988
Other comprehensive income for the period	-	-	-
Balance at 26 March 2016	-	5,420	5,420
Profit for the period	-	1,437	1,437
Other comprehensive income for the period	-	-	-
Dividends Paid	-	(5,400)	(5,400)
Balance at 25 March 2017		1,457	1,457

Mini Club UK Limited

Notes to the financial statements (continued) For the 52 weeks ended 25 March 2017

1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The main accounting policies, which have been applied consistently throughout the 52 weeks ended 25 March 2017 and the preceding 52 weeks ended 26 March 2016 are described below:

General information

Mini Club UK Limited is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 18. The nature of the company's operations and its principal activities are set out in the strategic report on pages 2 to 3.

The financial statements are presented in pounds sterling, which is the currency of the primary economic environment in which the Company operates (its functional currency).

Basis of accounting

These financial statements were prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

The financial statements have been prepared on the historical cost basis and on a going concern basis in accordance with the rationale set out in the going concern statement in the directors' report.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to 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 required, equivalent disclosures are given in the group financial statements of Mothercare plc. The group financial statements of Mothercare plc are available to the public and can be obtained as set out in note 13.

Going concern

The directors believe that the Company has adequate resources to continue in operational existence for the foreseeable future. As a result the going concern basis of accounting has been adopted.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. The tax currently payable is based on taxable profit for the financial year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other financial years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

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

Mini Club UK Limited

Notes to the financial statements For the 52 weeks ended 25 March 2017

1. Accounting policies (continued)

Taxation (continued)

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

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

Turnover

Turnover comprises the value of wholesale sales as well as the profit share from operations net of discounts and VAT.

Revenue recognition

Sales of goods are recognised when goods are delivered and title has passed. Profit share is recognised on an accruals basis in accordance with the substance of the relevant agreement.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value, based on prices prevailing at the date of acquisition, of each asset evenly over its expected useful life as follows:

Fixtures, fittings and equipment	5 to 20 years
Warehouse fixtures	5 to 10 years

Stocks

Stocks consist substantially of goods for resale and are stated at the lower of cost and net realisable value. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion of disposal. Provision is made for obsolescence, slow moving or defective items where appropriate.

Trade debtors

Trade debtors are measured at initial recognition at fair value. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Mini Club UK Limited

Notes to the financial statements (continued) For the 52 weeks ended 25 March 2017

1. Accounting policies (continued)

Trade creditors

Trade creditors are measured at fair value.

Pensions

Contributions to individual employee pension plans under stakeholder pension arrangements are charged in the profit and loss account as they become payable in accordance with the rules of the arrangement.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

2. Turnover

All turnover and operating profit is derived from one class of business in the United Kingdom.

3. Operating profit

	52 weeks ended 25 March 2017 £'000	52 weeks ended 26 March 2016 £'000
Operating profit is stated after charging:		
Depreciation - owned assets	28	63

Auditor's remuneration, for the audit of the Company's financial statements, of £1,000 (2016: £1,000) was borne by Mothercare UK Limited in the current and preceding periods. No fees were paid to the auditor for non-audit services (2016: £nil).

Staff costs are fully recharged back to the third party partner and hence no staff costs or average number of persons employed are shown in these financial statements.

The directors received no emoluments during the period (2016: £nil).

Mini Club UK Limited

Notes to the financial statements (continued) For the 52 weeks ended 25 March 2017

4. Tax on profit on ordinary activities

The tax assessed for the period is lower than that resulting from applying the standard rate of corporation tax in the UK of 20% (2016: 20%).

	52 weeks ended 25 March 2017 £'000	52 weeks ended 26 March 2016 £'000
Current tax:		
UK corporation tax at 20% (2016: 20%)	-	-
Deferred tax		
Current year	(1)	-
Change in tax rate in respect of prior periods	(1)	(1)
Adjustment in respect of prior periods	2	-
Deferred tax	-	(1)
Tax (credit) / charge for the period	-	(1)

Factors affecting the tax charge/(credit) for the period

	52 weeks ended 25 March 2017 £'000	52 weeks ended 26 March 2016 £'000
Profit on ordinary activities before tax	1,437	987
Tax charge at 20% (2016: 20%)	287	198
Effects of:		
Expenses not deductible	-	-
Rate change on deferred tax	(1)	(1)
Adjustment in respect of prior periods	2	-
Group relief claimed free of charge from other group members	(289)	(198)
Total tax for the period	-	(1)

Mini Club UK Limited

Notes to the financial statements (continued) For the 52 weeks ended 25 March 2017

5. Tangible fixed assets

	Fixtures, fittings and equipment £'000	Warehouse fixtures £'000	Total £'000
Cost			
At 26 March 2016	441	157	598
At 25 March 2017	441	157	598
Accumulated depreciation			
At 26 March 2016	436	61	497
Charge for the period	3	25	28
At 25 March 2017	439	86	525
Net book value			
At 26 March 2016	5	96	165
At 25 March 2017	2	71	73

6. Stock

	As at 25 March 2017 £'000	As at 26 March 2016 £'000
Finished goods and goods for resale	2,985	2,679

There is no material difference between the balance sheet value of the stocks and their replacement cost.

7. Debtors

	As at 25 March 2017 £'000	As at 26 March 2016 £'000
Trade debtors	3,101	1,987
Other debtors	80	13
Amounts due from ultimate parent undertaking	28,033	25,835
Prepayments and accrued income	63	499
	<u>31,277</u>	<u>28,334</u>

Mini Club UK Limited

Notes to the financial statements (continued) For the 52 weeks ended 25 March 2017

8. Creditors: amounts falling due within one year

	As at 25 March 2017 £'000	As at 26 March 2016 £'000
Trade creditors	3,176	3,513
Other taxes and social security	382	198
Other creditors	24	-
Amounts due to other group undertakings	28,550	21,357
Accruals and deferred income	744	624
	<u>32,876</u>	<u>25,692</u>

9. Provisions for liabilities

	Provision for deferred tax £'000
Balance at 26 March 2016	3
Deferred tax movement in period	-
Balance at 25 March 2017	<u>3</u>

Deferred tax comprises accelerated capital allowances and other timing differences.

10. Called-up share capital

	As at 25 March 2017 £	As at 26 March 2016 £
Called-up, allotted and fully paid		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

Mini Club UK Limited

Notes to the financial statements (continued) For the 52 weeks ended 25 March 2017

11. Reserves

	Called up share capital £'000	Profit and loss account £'000	Total £'000
At 26 March 2016	-	5,420	5,420
Profit for the period	-	1,437	1,437
Dividends Paid	-	(5,400)	(5,400)
At 25 March 2017	-	1,457	1,457

12. Related party transactions

The Company has taken advantage of the exemption in FRS 101 'Reduced Disclosure Framework' not to disclose compensation for key management personnel.

13. Ultimate parent company

The Company's immediate parent company is The Mothercare Group Limited. The Company's ultimate controlling entity and parent company is Mothercare plc.

The largest and smallest group in which the results of the Company are consolidated is that headed by Mothercare plc, a company incorporated and registered in England and Wales. Copies of these consolidated financial statements may be obtained from www.mothercareplc.com/financial-reports.