

COMPANY REGISTRATION NUMBER 2817045

**CLUB 21 DISTRIBUTION (UK) LIMITED**  
**FINANCIAL STATEMENTS**  
**31 DECEMBER 2011**

TUESDAY



\*L117NIMO\*

LD7

25/09/2012

#203

COMPANIES HOUSE

---

# **CLUB 21 DISTRIBUTION (UK) LIMITED**

## **FINANCIAL STATEMENTS**

**Year Ended 31 December 2011**

---

<b>CONTENTS</b>	<b>PAGES</b>
The directors' report	<b>1 to 2</b>
Independent auditor's report to the shareholders	<b>3 to 4</b>
Profit and loss account	<b>5</b>
Balance sheet	<b>6</b>
Cash flow statement	<b>7</b>
Notes to the financial statements	<b>8 to 15</b>

---

# **CLUB 21 DISTRIBUTION (UK) LIMITED**

## **THE DIRECTORS' REPORT**

**Year Ended 31 December 2011**

---

The directors have pleasure in presenting their report and the financial statements of the Company for the year ended 31 December 2011

### **Principal Activities and Business Review**

The Company's principal activity was that of wholesalers and distributors of fashionwear and accessories. The Company has traded at a profit during the year and the directors expect a similar result for the ensuing year.

During the year turnover decreased by 56.6% from £35.0M to £15.2M with operating profit also decreasing by 23.2% from £2.5M to £1.9M. This was due to the change of part of the distribution business to agency.

### **Future Developments**

The Company's strategic plan on key areas of the business are as follows -

- \* Maintain and strengthen our position in the luxury brand market
- \* Grow the Company in the development of the brand
- \* Maintain our financial performance by improving and sourcing logistics, and review other operating costs to maximise profit margin and minimise costs

### **Principal risks and uncertainties**

Competitive risks

Risks are possible from either new competitors entering the market or changes in consumer demand for our product. The Company will try to mitigate this risk by remaining competitive within the market place and operating on an agency basis. This will help mitigate some of the stock and debt risk.

### **Results and Dividends**

The profit for the year amounted to £2,636,339 (2010 £3,070,119). The directors have not recommended a dividend (2010 £Nil).

### **Directors**

The directors who served the Company during the year were as follows:

Mr BLK Heng  
Mr V Sodhy

### **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. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
-

# **CLUB 21 DISTRIBUTION (UK) LIMITED**

## **THE DIRECTORS' REPORT** *(continued)*

**Year Ended 31 December 2011**

---

- 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,
- 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.

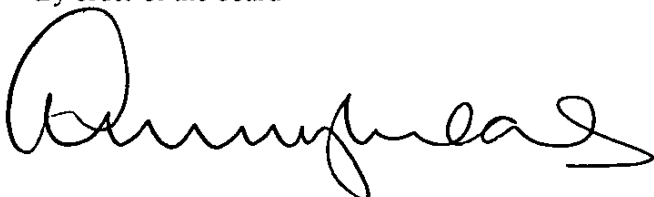
### **Auditor**

Baker Tilly UK Audit LLP has indicated its willingness to continue as auditor.

### **Statement as to Disclosure of Information to Auditor**

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the directors has confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

By order of the board



Mr BLK Heng

Director

Approved by the directors on 10 August 2012

## **CLUB 21 DISTRIBUTION (UK) LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CLUB 21 DISTRIBUTION (UK) LIMITED**

**Year Ended 31 December 2011**

---

We have audited the financial statements on pages 5 to 15. 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 shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective Responsibilities of Directors and Auditor**

As more fully explained in the Directors' Responsibilities Statement on page 1, 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](http://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 31 December 2011 and of its profit 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.

## **CLUB 21 DISTRIBUTION (UK) LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CLUB 21 DISTRIBUTION (UK) LIMITED *(continued)***

**Year Ended 31 December 2011**

---

#### **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

*Baker Tilly UK Audit LLP*

PAUL WATTS (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Chartered Accountants

25 Farringdon Street

London

EC4A 4AB

*14 August 2012*

## CLUB 21 DISTRIBUTION (UK) LIMITED

### PROFIT AND LOSS ACCOUNT

Year Ended 31 December 2011

	Note	2011 £	2010 £
Turnover	2	15,194,719	34,991,341
Cost of sales		(13,077,124)	(28,776,934)
Gross Profit		2,117,595	6,214,407
Administrative expenses		(3,671,709)	(3,734,126)
Other operating income	3	3,495,046	48,019
Operating Profit	4	1,940,932	2,528,300
Interest receivable and similar income	6	603,800	528,769
Interest payable and similar charges	7	—	(1)
Profit on Ordinary Activities Before Taxation		2,544,732	3,057,068
Tax on profit on ordinary activities	8	91,607	13,051
Profit for the Financial Year		2,636,339	3,070,119

All of the activities of the Company are classed as continuing

The Company has no recognised gains or losses other than the results for the year as set out above

The result for the year represents the movement in shareholders' funds

The notes on pages 8 to 15 form part of these financial statements.

**CLUB 21 DISTRIBUTION (UK) LIMITED**

Company Registration Number: 2817045

**BALANCE SHEET****31 December 2011**

	Note	2011 £	2010 £
<b>Fixed Assets</b>			
Tangible assets	9	805,870	1,030,123
<b>Current Assets</b>			
Stocks	10	392,235	1,061,150
Debtors due within one year	11	27,688,344	27,863,346
Debtors due after one year	11	9,695,323	9,695,323
Cash at bank		330,838	919,918
		<u>38,106,740</u>	<u>39,539,737</u>
<b>Creditors: Amounts falling due within one year</b>	13	<u>1,228,734</u>	<u>5,522,323</u>
<b>Net Current Assets</b>		36,878,006	34,017,414
<b>Total Assets Less Current Liabilities</b>		<u>37,683,876</u>	<u>35,047,537</u>
<b>Capital and Reserves</b>			
Called-up equity share capital	16	500,000	500,000
Profit and loss account	17	37,183,876	34,547,537
<b>Shareholders' Funds</b>	18	<u>37,683,876</u>	<u>35,047,537</u>

These financial statements were approved by the board and authorised for issue on 10 August 2012 and are signed on their behalf by

Mr BLK Heng  
Director



The notes on pages 8 to 15 form part of these financial statements.

# CLUB 21 DISTRIBUTION (UK) LIMITED

## CASH FLOW STATEMENT

Year Ended 31 December 2011

	Note	2011 £	2010 £
Net Cash (Outflow)/Inflow from Operating Activities		(1,192,880)	204,202
Returns on Investments and Servicing of Finance	19	603,800	528,768
Capital Expenditure and Financial Investment	19	—	(33,182)
(Decrease)/Increase in Cash	19	<u>(589,080)</u>	<u>699,788</u>
Reconciliation of operating profit to net cash (outflow)/inflow from operating activities			
		2011 £	2010 £
Operating profit		1,940,932	2,528,300
Depreciation		224,253	245,226
Decrease in stocks		668,915	1,016,781
Decrease/(increase) in debtors		266,609	(2,451,611)
Decrease in creditors		<u>(4,293,589)</u>	<u>(1,134,494)</u>
Net cash (outflow)/inflow from operating activities		<u>(1,192,880)</u>	<u>204,202</u>

The notes on pages 8 to 15 form part of these financial statements.

# **CLUB 21 DISTRIBUTION (UK) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**Year Ended 31 December 2011**

---

### **1. Accounting policies**

#### **Basis of accounting**

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

#### **Turnover**

Turnover represents sales to customers at amounts less value added tax

#### **Going Concern**

The financial statements have been prepared on a going concern basis as the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future

#### **Depreciation**

Depreciation is calculated so as to write off the cost of an asset over the useful economic life of that asset as follows

Leasehold improvements	- over period of the lease
Motor Vehicles	- 25%
Furniture and equipment	- 20% - 33 1/3%

#### **Stocks**

Stocks are stated at the lower of cost and net realisable value. The net realisable value is the estimated proceeds from the sale of stock, less costs incurred in marketing/selling/distributing directly related to the items in question

#### **Contribution to Pension Funds**

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

#### **Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's profits and its results as stated in the financial statements.

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

# CLUB 21 DISTRIBUTION (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2011

---

### 1. Accounting policies *(continued)*

#### Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating profit.

### 2. Turnover

Turnover is derived from wholesale of fashionwear principally to customers in the United Kingdom.

### 3. Other operating income

	2011	2010
	£	£
Commission receivable	3,481,846	26,564
Management charges receivable	13,200	21,455
	<u>3,495,046</u>	<u>48,019</u>

### 4. Operating profit

Operating profit is stated after charging

	2011	2010
	£	£
Depreciation of owned fixed assets	224,253	245,226
Auditor's remuneration		
- as auditor	11,500	9,400
Currency gain on exchange	<u>(35,409)</u>	<u>(105,512)</u>

# CLUB 21 DISTRIBUTION (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2011

### 5. Directors and employees

The average number of staff employed by the Company during the financial year amounted to

	2011	2010
	No	No
Selling and distribution	15	19
Administration	15	25
Management	3	3
	<u>33</u>	<u>47</u>

The aggregate payroll costs of the above were

	2011	2010
	£	£
Wages and salaries	943,738	1,076,609
Social security costs	102,500	126,620
Other pension costs	16,020	20,261
	<u>1,062,258</u>	<u>1,223,490</u>

The directors did not receive any remuneration from the Company during the year (2010 £Nil)

### 6. Interest receivable and similar income

	2011	2010
	£	£
Bank interest receivable	149	97
Group interest receivable	601,711	526,558
Other similar income receivable	1,940	2,114
	<u>603,800</u>	<u>528,769</u>

### 7. Interest payable and similar charges

	2011	2010
	£	£
Interest payable on bank borrowing	<u>—</u>	<u>1</u>

### 8. Taxation on ordinary activities

Analysis of charge in the year

	2011	2010
	£	£
Deferred tax		
Origination and reversal of timing differences	<u>(91,607)</u>	<u>(13,051)</u>

# CLUB 21 DISTRIBUTION (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2011

### 8. Taxation on ordinary activities *(continued)*

#### Factors affecting current tax charge

	2011 £	2010 £
Profit on ordinary activities before taxation	2,544,732	3,057,068
Profit on ordinary activities by rate of tax of 26.5% (2010: 28%)	674,354	855,979
Effects of		
Expenses not deductible for tax purposes	6,412	8,739
Capital allowances in excess of depreciation	59,427	68,663
Claim for group relief for which no payment is made	(740,193)	(933,381)
Total current tax	-	-

### 9. Tangible fixed assets

	Leasehold improvements £	Motor Vehicles £	Furniture and equipment £	Total £
<b>Cost</b>				
At 1 January 2011 and 31 December 2011	1,955,478	25,000	360,905	2,341,383
<b>Depreciation</b>				
At 1 January 2011	984,208	7,292	319,760	1,311,260
Charge for the year	194,237	6,250	23,766	224,253
At 31 December 2011	1,178,445	13,542	343,526	1,535,513
<b>Net Book Value</b>				
At 31 December 2011	777,033	11,458	17,379	805,870
At 31 December 2010	971,270	17,708	41,145	1,030,123

### 10. Stocks

	2011 £	2010 £
Finished goods and goods held for resale	392,235	1,061,150
	392,235	1,061,150

There is no material difference between the replacement cost of stocks and the amounts stated above

# CLUB 21 DISTRIBUTION (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2011

### 11. Debtors

	2011 £	2010 £
Trade debtors	1,418,574	7,718,041
Amounts owed by group undertakings	32,527,853	29,324,343
Other debtors	3,085,544	4,386
Prepayments and accrued income	216,315	468,125
Deferred taxation (note 12)	135,381	43,774
	<u>37,383,667</u>	<u>37,558,669</u>

The debtors above include the following amounts falling due after more than one year

	2011 £	2010 £
Amounts owed by group undertakings	<u>9,695,323</u>	<u>9,695,323</u>

All other amounts shown under debtors fall due for payment within one year

### 12. Deferred taxation

The deferred tax included in the Balance sheet is as follows

	2011 £	2010 £
Included in debtors (note 11)	<u>135,381</u>	<u>43,774</u>

The movement in the deferred taxation account during the year was

	2011 £	2010 £
Balance brought forward	43,774	30,723
Profit and loss account movement arising during the year	91,607	13,051
Balance carried forward	<u>135,381</u>	<u>43,774</u>

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of

	2011 £	2010 £
Excess of depreciation over taxation allowances	<u>135,381</u>	<u>43,774</u>
	<u>135,381</u>	<u>43,774</u>

# CLUB 21 DISTRIBUTION (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2011

### 13. Creditors: Amounts falling due within one year

	2011	2010
	£	£
Trade creditors	1,096,476	4,712,278
Amounts owed to group undertakings	7,375	2,000
Taxation and social security	21,006	728,367
Other creditors	1,528	1,836
Accruals and deferred income	102,349	77,842
	<u>1,228,734</u>	<u>5,522,323</u>

### 14. Contingencies

The Company is party to a cross guarantee to secure the borrowings of Como Holdings (UK) Limited. As at 31 December 2011, the amount guaranteed was £8,039,240 (2010 £10,250,000)

### 15. Related party transactions

The Company has taken advantage of the exemption provided by Financial Reporting Standard No 8 Related Party Transactions from the disclosure of transactions with companies where the voting rights are wholly controlled within the group

### 16. Share capital

#### Authorised share capital:

	2011	2010
	£	£
250 Ordinary Class A shares of £1,000 each	250,000	250,000
250 Ordinary Class B shares of £1,000 each	250,000	250,000
	<u>500,000</u>	<u>500,000</u>

#### Allotted, called up and fully paid:

	2011		2010	
	No	£	No	£
250 Ordinary Class A shares of £1,000 each	250	250,000	250	250,000
250 Ordinary Class B shares of £1,000 each	250	250,000	250	250,000
	<u>500</u>	<u>500,000</u>	<u>500</u>	<u>500,000</u>

The "A" and "B" shares rank pari passu in all respects

# CLUB 21 DISTRIBUTION (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2011

### 17. Profit and loss account

	2011 £	2010 £
Balance brought forward	34,547,537	31,477,418
Profit for the financial year	2,636,339	3,070,119
Balance carried forward	<u>37,183,876</u>	<u>34,547,537</u>

### 18. Reconciliation of movements in shareholders' funds

	2011 £	2010 £
Profit for the financial year	2,636,339	3,070,119
Opening shareholders' funds	35,047,537	31,977,418
Closing shareholders' funds	<u>37,683,876</u>	<u>35,047,537</u>

### 19. Notes to the cash flow statement

#### Returns on investments and servicing of finance

	2011 £	2010 £
Interest received	603,800	528,769
Interest paid	—	(1)
Net cash inflow from returns on investments and servicing of finance	<u>603,800</u>	<u>528,768</u>

#### Capital expenditure

	2011 £	2010 £
Payments to acquire tangible fixed assets	—	(33,182)
Net cash outflow from capital expenditure	<u>—</u>	<u>(33,182)</u>

#### Reconciliation of net cash flow to movement in net funds

	2011 £	2010 £
(Decrease)/Increase in cash in the period	(589,080)	699,788
Movement in net funds in the period	<u>(589,080)</u>	<u>699,788</u>
Net funds at 1 January 2011	919,918	220,130
Net funds at 31 December 2011	<u>330,838</u>	<u>919,918</u>

## CLUB 21 DISTRIBUTION (UK) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 December 2011

---

#### 19. Notes to the cash flow statement *(continued)*

##### Analysis of changes in net funds

	At 1 Jan 2011 £	Cash flows £	At 31 Dec 2011 £
Cash in hand and at bank	919,918	(589,080)	330,838
Net funds	<u>919,918</u>	<u>(589,080)</u>	<u>330,838</u>

#### 20. Ultimate parent company

Adobe Holdings Limited, a company incorporated in Gibraltar, is regarded by the directors as the Company's ultimate parent company and controlling party

The Company's intermediate parent company is Oakshade Limited, a company incorporated in Gibraltar