

# **Conran Finance Limited**

## **Report and Financial Statements**

31 March 2007

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COMPANIES HOUSE

**Directors**

Sir Terence Conran (Chairman)

D Gunewardena

(Resigned 31 March 2007)

R Mavity

(Appointed 30 March 2007)

M A Schuitemaker

(Appointed 30 March 2007, until 28 June 2007)

**Secretary**

T Howe

**Auditors**

Ernst & Young LLP

1 More London Place

London SE1 2AF

**Registered Office**

22 Shad Thames

London SE1 2YU

## Directors' report

The directors present their report and financial statements for the year ended 31 March 2007

### Results and dividends

The profit and loss account is set out on page 6 and shows a loss before taxation for the year of £1,178,000 (2006 – profit £730,000) The directors do not recommend the payment of a dividend (2006 – £nil)

### Principal activity

The company provides financing to fellow subsidiary undertakings of Conran Holdings Limited

### Review of the business, key performance indicators and future developments

The directors consider the result for the year to be satisfactory given the reduction in the level of financing provided to fellow subsidiary undertakings The loss for the year is largely due to the exchange loss made on the company's foreign currency loans to its fellow subsidiary undertakings The company does not hedge its financing as it is the policy of the parent undertaking that hedging is maintained at group level

The directors consider profit before tax and foreign exchange on operations and on financing as the key performance indicator for the company This has improved from a loss of £113,000 in 2006 to a profit of £436,000 in 2007

The directors expect the results to improve in the current financial year following the repayment of the company's bank financing facilities prior to the year end

### Directors

The directors of the company during the year were as listed on page 1

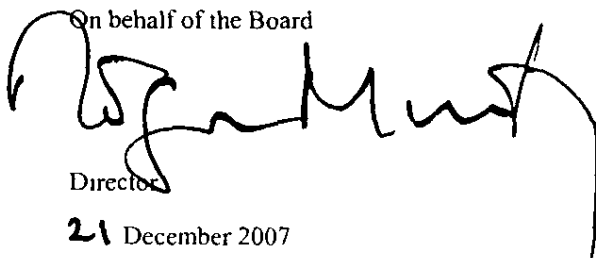
### Directors' statement as to disclosure of information to auditors

The directors who were members of the board at the time of approving the directors' report are listed on page 1, except for D Gunewardena who resigned on 31 March 2007 and M A Schutemaker who was a director until 28 June 2007

Having made enquiries of their fellow director and of the company's auditors, each of these directors confirms that

- to the best of each director's knowledge and belief, there is no relevant audit information of which the company's auditors are unaware, and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of the information

On behalf of the Board



Director

21 December 2007

## **Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the financial statements in accordance with applicable United Kingdom law and United Kingdom Generally Accepted Accounting Practice

Company law requires the directors to prepare financial statements for each financial year which 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 those 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, 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 proper accounting records which 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 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

## **Independent auditors' report**

**to the members of Conran Finance Limited**

We have audited the company's financial statements for the year ended 31 March 2007 which comprise Profit and Loss Account, Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 14. 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 are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as 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, are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with the financial statements.

We also 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.

### **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.

## **Independent auditors' report**

to the members of Conran Finance Limited (continued)

### **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 31 March 2007 and of its loss for the year 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

*Ernst & Young LLP*

Ernst & Young LLP  
Registered Auditor  
London

21 December 2007

## Profit and loss account

for the year ended 31 March 2007

	Notes	2007 £000	2006 £000
Administrative expenses		(19)	(211)
Exchange (loss)/gain on operations		(1,614)	1,135
<b>Operating (loss)/profit</b>	2	<b>(1,633)</b>	<b>924</b>
Interest receivable	4	1,198	1,832
Interest payable	5	(743)	(2,026)
		455	(194)
<b>(Loss)/profit on ordinary activities before taxation</b>		<b>(1,178)</b>	<b>730</b>
Tax on (loss)/profit on ordinary activities	6	353	(144)
<b>(Loss)/profit on ordinary activities after taxation</b>		<b>(825)</b>	<b>586</b>
<b>(Loss)/profit for the financial year</b>		<b>(825)</b>	<b>586</b>

## Statement of total recognised gains and losses

for the year ended 31 March 2007

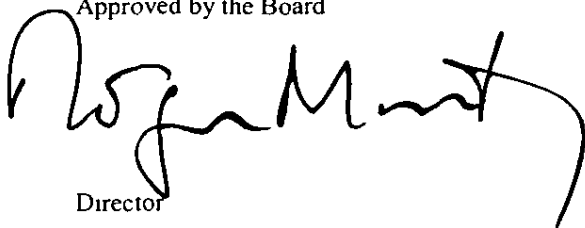
There are no recognised gains or losses other than the loss attributable to the shareholders of the company for the year of £825,000 (2006 – £586,000 profit)

## Balance sheet

at 31 March 2007

	Notes	2007 £000	2006 £000
<b>Current assets</b>			
Debtors	7	14,407	37,743
Cash at bank and in hand		9,010	13,400
		<u>23,417</u>	<u>51,143</u>
<b>Creditors:</b> amounts falling due within one year	8	(2,972)	(5,567)
		<u>20,445</u>	<u>45,576</u>
<b>Net current assets</b>			
<b>Creditors:</b> amounts falling due after more than one year	9	(21,145)	(45,451)
		<u>(700)</u>	<u>125</u>
<b>Shareholders' (deficit)/funds</b>			
Called up share capital	10	—	—
Profit and loss account	11	(700)	125
		<u>(700)</u>	<u>125</u>

Approved by the Board



Director

21 December 2007



# Notes to the financial statements

at 31 March 2007

## 1. Accounting policies

### Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards. The accounting policies adopted by the company are set out below and are consistent with those of the previous year.

### Statement of cash flow

The company is exempt under the terms of Financial Reporting Standard No. 1 (Revised) from publishing a statement of cash flow.

### Foreign currency

Transactions in foreign currencies are translated into sterling at the rates of exchange prevailing at the dates of the transactions. Monetary assets and liabilities denominated in a foreign currency are translated into sterling at the rates prevailing at the balance sheet date. Resulting exchange gains or losses are taken to the profit and loss account.

### Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exception:

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

## 2. Operating loss

Operating loss is stated after charging

	2007 £000	2006 £000
Auditors' remuneration – audit	3	2
– other services	2	1
Loss/(gain) on foreign exchange on operations	1,614	(1,135)

## Notes to the financial statements

at 31 March 2007

### 3. Directors' remuneration

The company has an agreement with Conran Limited, a fellow subsidiary undertaking, for the provision of the services of Sir Terence Conran as a director and Chairman and R Mavity and M A Schuitemaker as directors. R Mavity and M A Schuitemaker were remunerated by that company. Up to 13 September 2006, this agreement also covered the provision of the services of D Gunewardena, who was remunerated by Conran Limited until that date. From this date, D Gunewardena received no remuneration as a director of the company.

No remuneration is payable directly to these directors nor are any pension contributions payable on their behalf.

### 4. Interest receivable

	2007 £000	2006 £000
Bank interest receivable and similar income	515	53
Interest receivable from group undertakings	683	1,779
	<u>1,198</u>	<u>1,832</u>

### 5. Interest payable

	2007 £000	2006 £000
Bank interest payable and similar charges	6	370
Interest payable to group undertakings	737	1,364
Net exchange losses on foreign currency borrowings	–	292
	<u>743</u>	<u>2,026</u>

### 6. Tax on (loss)/profit on ordinary activities

(a) Tax on (loss)/profit on ordinary activities

The tax (credit)/charge is made up as follows

	2007 £000	2006 £000
Current tax		
UK corporation tax	(353)	219
Tax overprovided in previous years	–	(75)
Total current tax (note 6(b))	<u>(353)</u>	<u>144</u>
Tax on (loss)/profit on ordinary activities	<u>(353)</u>	<u>144</u>

There was no deferred tax in either financial year.

## Notes to the financial statements

at 31 March 2007

### 6. Tax on (loss)/profit on ordinary activities (continued)

(b) Factors affecting current tax(credit)/charge

The tax assessed on the (loss)/profit on ordinary activities for the year varies from the standard rate of corporation tax in the UK of 30% (2006 – 30%) The differences are reconciled below

	2007 £000	2006 £000
(Loss)/profit on ordinary activities before tax	(1,178)	730
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK	(353)	219
Tax overprovided in previous years	–	(75)
Total current tax (note 6(a))	(353)	144

### 7. Debtors

	2007 £000	2006 £000
Amounts owed by group undertakings	14,194	37,743
Amounts owed by group undertakings in respect of group relief	210	–
Prepayments and accrued income	3	–
	14,407	37,743

Included in amounts owed by group undertakings are amounts totalling £14,053,000 (2006 – £37,710,000) which are due after more than one year

### 8. Creditors' amounts falling due within one year

	2007 £000	2006 £000
Bank overdraft	2,926	5,485
Amounts owed to group undertakings	29	2
Amounts owed to group undertakings in respect of group relief	–	52
Accruals and deferred income	17	28
	2,972	5,567

## Notes to the financial statements

at 31 March 2007

### 9. Creditors. amounts falling due after more than one year

	2007 £000	2006 £000
Loan from parent undertaking	21,145	45,451
	<u>21,145</u>	<u>45,451</u>

The loan from the company's parent undertaking is repayable out of the company's cash flow in line with the company's ability to make such payments and, as such, it is not meaningful to estimate segmental repayments

The bank overdraft is secured by fixed and floating charges over certain of the assets of the fellow subsidiary undertakings also party to the Guarantee and Debenture and fixed charges over certain of the assets of the company's parent undertaking

### 10. Share capital

	<i>Authorised</i>		<i>Allotted, called up and fully paid</i>	
	2007	2006	2007	2006
	£	£	£	£
Ordinary shares of £1 each	100	100	2	2
	<u>100</u>	<u>100</u>	<u>2</u>	<u>2</u>

### 11. Reconciliation of shareholders' deficit and movements on reserves

	<i>Profit and loss account</i>	<i>Total share- holders' deficit</i>	<i>Total share- holders' funds</i>
	2007 £000	2007 £000	2006 £000
At 1 April	125	125	(451)
(Loss)/profit after taxation	(825)	(825)	586
At 31 March	<u>(700)</u>	<u>(700)</u>	<u>125</u>

## Notes to the financial statements

at 31 March 2007

### 12. Contingent liability

The company, together with its ultimate parent undertaking and certain fellow subsidiary undertakings, is party to a limited inter-company Composite Accounting System ("CAS") guarantee dated 31 January 2007 to Barclays Bank PLC as security for a group overdraft arrangement between the company, its ultimate parent undertaking and those fellow subsidiary undertakings. As at the balance sheet date, the net overdraft under the guarantee was £nil.

### 13. Related party transactions

The ultimate controlling party is Sir Terence Conran.

No disclosure is made of transactions with group undertakings as permitted by Financial Reporting Standard No. 8.

There were no other material related party transactions.

### 14. Ultimate parent undertaking

The company is a subsidiary undertaking of Conran Holdings Limited, registered in England and Wales. The results of the company are consolidated into the financial statements of Conran Holdings Limited, the ultimate parent undertaking.