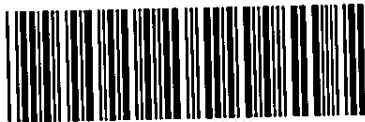


# **Conran Finance Limited**

## **Report and Financial Statements**

31 March 2008

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COMPANIES HOUSE

# Conran Finance Limited

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Registered No. 3085223

## **Directors**

Sir Terence Conran (Chairman)

R Mavity

T Howe (appointed 31 March 2008)

## **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 2008.

### Results and dividends

The profit and loss account is set out on page 6 and shows a profit before taxation for the year of £388,000 (2007 – loss of £1,178,000). The directors do not recommend the payment of a dividend (2007 – £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 profit for the year is largely due to the exchange gain made on the company's foreign currency loans and from interest on 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 declined from a profit of £436,000 in 2007 to a profit of £349,000 in 2008.

The directors expect the results to decline in the current financial year, but to remain in profit.

### Directors

The directors of the company during the year were as listed on page 1. In addition, M Schuitemaker was a director until 28 June 2007.

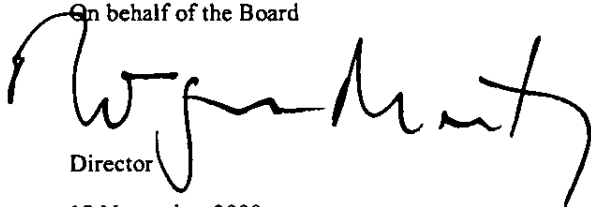
### Directors' statement as to disclosure of information to auditors

The directors who were members of the board at the time of approving the directors' report are listed on page 1.

Having made enquiries of fellow directors 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

18 November 2008

## Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law 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 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 proper accounting records that 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.

# **Independent auditors' report**

**to the members of Conran Finance Limited**

We have audited the company's financial statements for the year ended 31 March 2008 which comprise the Profit and Loss Account, the 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

## 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 2008 and of its profit 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  
Registered Auditor  
London

18 November 2008

## Profit and loss account

for the year ended 31 March 2008

	Notes	2008 £000	2007 £000
Administrative expenses		(17)	(19)
Exchange gain/(loss) on operations		39	(1,614)
<b>Operating profit/(loss)</b>	2	22	(1,633)
Interest receivable	4	1,068	1,198
Interest payable	5	(702)	(743)
		366	455
<b>Profit/(loss) on ordinary activities before taxation</b>		388	(1,178)
Tax on profit/(loss) on ordinary activities	6	(116)	353
<b>Profit/(loss) on ordinary activities after taxation</b>		272	(825)
<b>Profit/(loss) for the financial year</b>		272	(825)

## Statement of total recognised gains and losses

for the year ended 31 March 2008

There are no recognised gains or losses, other than the profit attributable to the shareholder of the company for the year of £272,000 (2007 – loss of £825,000).

## Balance sheet

at 31 March 2008

	Notes	2008 £000	2007 £000
<b>Current assets</b>			
Debtors	7	14,513	14,407
Cash at bank and in hand		7,133	9,010
		<u>21,646</u>	<u>23,417</u>
<b>Creditors: amounts falling due within one year</b>	8	(1,407)	(2,972)
		<u>20,239</u>	<u>20,445</u>
<b>Net current assets</b>			
<b>Creditors: amounts falling due after more than one year</b>	9	(20,667)	(21,145)
		<u>(428)</u>	<u>(700)</u>
<b>Net assets</b>			
<b>Capital and reserves</b>			
Called-up share capital	10	-	-
Profit and loss account	11	(428)	(700)
		<u>(428)</u>	<u>(700)</u>

Approved by the Board



Director

18 November 2008



## Notes to the financial statements

at 31 March 2008

### 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 flows*

The company is exempt under the terms of Financial Reporting Standard 1 (Revised) from publishing a statement of cash flows.

#### *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 profit/(loss)

Operating profit/(loss) is stated after charging:

	2008 £000	2007 £000
Auditors' remuneration – audit	3	3
– other services	2	2
(Gain)/loss on foreign exchange on operations	(39)	1,614

## Notes to the financial statements

at 31 March 2008

### 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 T Howe as directors. R Mavity and T Howe are remunerated by that company. Up to 28 June 2007, this agreement also covered the provision of the services of M Schuitemaker as a director, who was remunerated by Conran Limited until that date.

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

### 4. Interest receivable

	2008 £000	2007 £000
Bank interest receivable and similar income	486	515
Interest receivable from group undertakings	582	683
	<u>1,068</u>	<u>1,198</u>

### 5. Interest payable

	2008 £000	2007 £000
Bank interest payable and similar charges	7	6
Interest payable to group undertakings	695	737
	<u>702</u>	<u>743</u>

### 6. Tax on profit on ordinary activities

#### (a) Tax on profit on ordinary activities

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

	2008 £000	2007 £000
Current tax:		
UK corporation tax	116	(353)
Total current tax (note 6(b))	<u>116</u>	<u>(353)</u>
Tax on profit on ordinary activities	<u>116</u>	<u>(353)</u>

There was no deferred tax in either financial year.

## Notes to the financial statements

at 31 March 2008

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

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

The tax assessed on the profit/(loss) on ordinary activities for the year based on the standard rate of corporation tax in the UK of 30% (2007 – 30%) are reconciled below:

	2008 £000	2007 £000
Profit/(loss) on ordinary activities before tax	388	(1,178)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK	116	(353)
Total current tax (note 6(a))	116	(353)

### 7. Debtors

	2008 £000	2007 £000
Amounts owed by group undertakings	14,513	14,194
Amounts owed by group undertakings in respect of group relief	–	210
Prepayments and accrued income	–	3
	14,513	14,407

Included in amounts owed by group undertakings are amounts totalling £14,380,000 (2007 – £14,053,000) which are due after more than one year.

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

	2008 £000	2007 £000
Bank overdraft	1,155	2,926
Amounts owed to group undertakings	137	29
Amounts owed to group undertakings in respect of group relief	107	–
Accruals and deferred income	8	17
	1,407	2,972

The bank overdraft is secured by fixed and floating charges over certain assets of the fellow subsidiary undertakings which are also party to a Guarantee and a Debenture and fixed charges over certain assets of the company's parent undertaking (see note 12).

## Notes to the financial statements

at 31 March 2008

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

	2008 £000	2007 £000
Loan from ultimate parent undertaking	20,667	21,145
	<u>20,667</u>	<u>21,145</u>

The loan from the company's ultimate 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. In addition, the company will not be in a position to repay the major part of the loan until at least 12 months from the balance sheet date and it is the ultimate parent undertaking's current intention only to demand repayment when the company is able to meet such payments. Accordingly, the loan has been disclosed as due after more than one year.

### 10. Authorised and issued share capital

	Authorised		Allotted, called-up and fully-paid	
	2008	2007	2008	2007
	£	£	£	£
Ordinary shares of £1 each	100	100	2	2
	<u>100</u>	<u>100</u>	<u>2</u>	<u>2</u>

### 11. Reconciliation of shareholder's deficit and movements on reserves

	Issued share capital	Profit and loss account	Total share- holders' deficit	Total share- holder's deficit
	2008 £000	2008 £000	2008 £000	2007 £000
At 1 April	–	(700)	(700)	125
Profit/(loss) for the year	–	272	272	(825)
At 31 March	<u>–</u>	<u>(428)</u>	<u>(428)</u>	<u>(700)</u>

### 12. Contingent liabilities

The company, together with its ultimate parent undertaking and certain fellow subsidiary undertakings, is party to a limited inter-company Composite Accounting System 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.

## **Notes to the financial statements**

at 31 March 2008

### **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 8.

There were no other material related-party transactions.

### **14. Ultimate parent undertaking and controlling party**

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.