

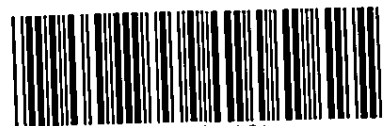
Company Registration No. 3085223

Conran Finance Limited

Report and Financial Statements

31 March 2009

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Conran Finance Limited

Report and financial statements 2009

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Conran Finance Limited

Report and financial statements 2009

Officers and professional advisers

Directors

Sir Terence Conran (Chairman)
R Mavity
T Howe

Secretary

T Howe

Registered Office

22 Shad Thames
London
SE1 2YU

Auditors

Deloitte LLP
Chartered Accountants
London

Conran Finance Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2009.

Principal activity

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

Results and dividends

The profit and loss account is set out on page 7 and shows a profit before taxation for the year of £3,107,000 (2008: profit of £388,000). The directors do not recommend the payment of a dividend (2008: £nil).

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 interest rates and the resultant fall in interest earned from bank deposits. 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 as the key performance indicator for the company. Profit before tax increased from £388,000 to £3,107,000 in 2009 and exchange gain on operations increased from £38,000 in 2008 to £2,800,000 in 2009.

Due to the continuing losses being incurred by and the very limited prospects of turning the business round, it has been decided to close the Conran Shop at Bridgemarket in New York as soon as is practicable. This has resulted in the requirement to provide against inter-company loans to Conran Shop Holdings Limited used to fund Conran Shop Manhattan Inc., but is offset by a corresponding provision against a loan from Conran Holdings Limited.

The directors expect the results to decline in the current financial year as a result of lower exchange gains, but to remain in profit.

Principal risks and uncertainties

The directors review the risks and uncertainties relevant to the company on a regular basis and consider that these relate principally to the economic environment prevailing in the UK and internationally. The directors have taken and continue to take steps to minimise the dependence of the company on any particular market sector or single client or customer, but the business remains susceptible to any downturn in the economies of the countries in which it operates.

Directors

The directors who served the company during the year are listed on page 1.

Disclosure of information to the auditors

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

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and

Conran Finance Limited

Directors' report

- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Going Concern

In their review of going concern, the directors considered the following key risks:

- Liquidity risk – In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company has the support of the ultimate parent undertaking which provides a mixture of long and short-term debt finance as described in note 17.

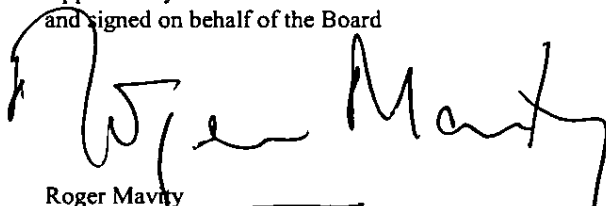
Financial risk management objectives and policies

The company's activities expose it to cash flow risk as a result of changes in foreign currency exchange rates. The company does not hedge its financing as it is the policy of the parent undertaking that hedging is maintained at group level.

Auditors

Ernst & Young LLP resigned as auditors of the company and Deloitte LLP were appointed as auditors of the company. Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

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

A large, stylized handwritten signature in black ink, appearing to read 'Roger Mavny', is written over the printed name and title.

Roger Mavny
Director

21 December 2009

Conran Finance Limited

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; 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.

Independent auditors' report to the members of Conran Finance Limited

We have audited the financial statements of Conran Finance Limited for the year ended 31 March 2009 which comprise the profit and loss account, 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' responsibilities for preparing the Annual Report and 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 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.

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 2009 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.

A handwritten signature in black ink, appearing to read 'Deloitte LLP', is positioned above the printed name of the firm.

Deloitte LLP
Chartered Accountants and Registered Auditors
London, United Kingdom
21 December 2009

Conran Finance Limited

Profit and loss account Year ended 31 March 2009

	Notes	2009 £'000	2008 £'000
Administrative expenses		2,788	22
Operating profit	2	2,788	22
Interest receivable and similar income	4	868	1,068
Interest payable and similar charges	5	(549)	(702)
Profit on ordinary activities before taxation		3,107	388
Tax on profit on ordinary activities	6	(870)	(116)
Profit on ordinary activities after taxation		2,237	272
Profit for the financial year	11	2,237	272

All activities arise from continuing operations.

There are no recognised gains and losses, other than the profit attributable to the shareholder of the company for the year of £2,237,000 (2008: profit of £272,000). Accordingly, no statement of total recognised gains and losses is presented.

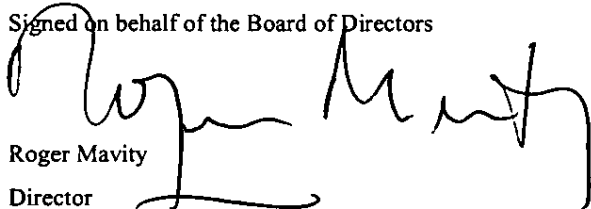
Conran Finance Limited

Balance sheet 31 March 2009

	Notes	2009 £'000	2008 £'000
Current assets			
Debtors	7	7,130	14,513
Cash at bank and in hand		5,844	7,133
		<u>12,974</u>	<u>21,646</u>
Creditors: amounts falling due within one year	8	(872)	(1,407)
Net current assets		<u>12,102</u>	<u>20,239</u>
Creditors: amounts falling due after more than one year	9	(10,293)	(20,667)
Net assets/(liabilities)		<u>1,809</u>	<u>(428)</u>
Capital and reserves			
Called up share capital	10	-	-
Profit and loss account	11	1,809	(428)
Shareholder's funds/(deficit)		<u>1,809</u>	<u>(428)</u>

The financial statements of Conran Finance Limited, registered number 0305223, were approved by the Board of Directors on 21 December 2009.

Signed on behalf of the Board of Directors


 Roger Mavity
 Director

Conran Finance Limited

Notes to the accounts Year ended 31 March 2009

1. Accounting policies

The principal accounting policies adopted are described below. They have all been applied consistently throughout the year and the preceding year.

Basis of accounting

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

Going concern

The company has the full support of the ultimate parent undertaking as described in the directors' report on page 2 and accordingly, the directors continue to adopt the going concern basis in preparing the annual report and accounts.

Statement of cash flows

The company is exempt under the terms of Financial Reporting Standard 1 (Revised 1996) from publishing a statement of cash flows as it is a wholly owned subsidiary of Conran Holdings Limited and is included within the consolidated financial statements of that company.

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

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.

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 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. Deferred tax is measured on a non discounted basis.

2. Operating profit

	2009 £'000	2008 £'000
Is stated after charging:		
Fees payable to the company's auditors for the audit of the company's annual accounts	2	3
Fees payable to the company's auditors and their associates for other services		
- tax services	-	2
Exchange gain on operations	(2,819)	(39)

Conran Finance Limited

Notes to the accounts Year ended 31 March 2009

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.

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

The company has no employees (2008: nil).

4. Interest receivable and similar income

	2009 £'000	2008 £'000
Bank interest receivable and similar income	270	486
Interest receivable from group undertakings	598	582
	<u>868</u>	<u>1,068</u>

5. Interest payable and similar charges

	2009 £'000	2008 £'000
Bank interest payable and similar charges	30	7
Interest payable to group undertakings	519	695
	<u>549</u>	<u>702</u>

6. Tax on profit on ordinary activities

(a) Analysis of charge in the year

The tax charge is made up as follows:

	2009 £'000	2008 £'000
Current tax:		
UK corporation tax at 28% (2008: 30%) based on the profit for the year	870	116
Total current tax (note 6(b))	<u>870</u>	<u>116</u>
Tax on profit on ordinary activities	<u>870</u>	<u>116</u>

There was no deferred tax in either financial year.

Conran Finance Limited

Notes to the accounts Year ended 31 March 2009

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year based on the standard rate of corporation tax in the UK of 28% (2008: 30%) are reconciled below:

	£'000	£'000
Profit on ordinary activities before tax	3,107	388
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK	870	116
Total current tax (note 6(a))	870	116

7. Debtors

	2009 £'000	2008 £'000
Amounts owed by group undertakings	7,130	14,513
	7,130	14,513

Included in amounts owed by group undertakings are amounts totalling £7,108,000 (2008: £14,380,000) which are due after more than one year. Interest is payable on these amounts based on the London Interbank Offered rate plus a margin of 1.5%.

8. Creditors: amounts falling due within one year

	2009 £'000	2008 £'000
Bank overdraft	-	1,155
Amounts owed to group undertakings	-	137
Amounts owed to group undertakings in respect of group relief	870	107
Accruals and deferred income	2	8
	872	1,407

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

	2009 £'000	2008 £'000
Loan from ultimate parent undertaking	10,293	20,667

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 twelve 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.

Conran Finance Limited

Notes to the accounts Year ended 31 March 2009

10. Called-up share capital

	2009 £	2008 £
Authorised:		
100 ordinary shares of £1 each	100	100
Called-up, allotted and fully-paid:		
2 ordinary shares of £1 each	2	2

11. Reconciliation of movement on shareholder's funds and movements on reserves

	Issued share capital £'000	Profit and loss account £'000	2009 Total shareholder's funds £'000	2008 Total shareholder's deficit £'000
At 1 April	-	(428)	(428)	(700)
Profit for the financial year	-	2,237	2,237	272
At 31 March	-	1,809	1,809	(428)

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 06 February 2009 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 (2008: 1,155,000).

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 company

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, which is the smallest and largest group to consolidate the company's financial statements.