

**Company Registration No. 03085223**

**Conran Finance Limited**

**Report and Financial Statements**

**31 March 2010**

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## **Conran Finance Limited**

### **Report and financial statements 2010**

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## **Conran Finance Limited**

### **Report and financial statements 2010**

#### **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

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# **Conran Finance Limited**

## **Directors' report**

The directors present their annual report and the audited financial statements for the year ended 31 March 2010

This directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption

### **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 loss before taxation for the year of £388,000 (2009 profit of £3,107,000) The directors do not recommend the payment of a dividend (2009 £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 loss for the year is largely due to the exchange loss on the company's foreign currency loan to a fellow subsidiary undertaking 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 indicators for the company Profit before tax decreased from £3,107,000 to a loss of £388,000 in 2010 and exchange gain on operations decreased from £2,800,000 in 2009 to a loss of £609,000 in 2010

The company continues to hold a provision against the inter-company loans to Conran Shop Holdings Limited used to fund the Conran Shop Manhattan Inc , which continues to be 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 exchange losses arising from the strengthening value of the dollar against sterling

### **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

# **Conran Finance Limited**

## **Directors' report (continued)**

### **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
- 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 s418 of the Companies Act 2006

### **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 9 and note 12

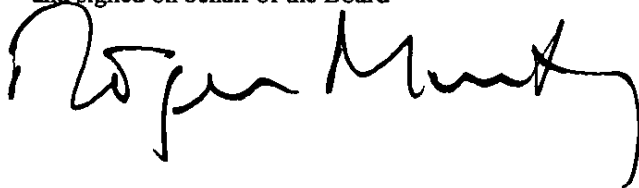
### **Financial risk management objectives and policies**

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**

Deloitte LLP have expressed their willingness to continue in office as auditors for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting

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



Roger Mavity  
Director

17 November 2010

## **Conran Finance 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 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 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 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 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 2010 which comprise the profit and loss account, the balance sheet and the related notes 1 to 14. 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 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 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**

As more fully explained 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 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 Practice Board's (APB'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.

### **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 March 2010 and of its loss 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 matter prescribed in the Companies Act 2006**

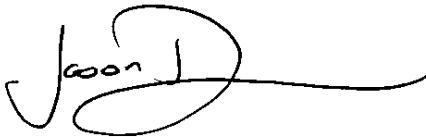
- In our opinion the information in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Independent auditors' report to the members of Conran Finance 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, or
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report

A handwritten signature in black ink, appearing to read 'Jason D', with a long horizontal flourish extending to the right.

Jason Davies (Senior Statutory Auditor)  
**for and on behalf of Deloitte LLP**  
Chartered Accountants and Statutory Auditors  
London, United Kingdom  
17 November 2010



## Conran Finance Limited

### Profit and loss account Year ended 31 March 2010

	Notes	2010 £'000	2009 £'000
Administrative expenses		(641)	2,788
<b>Operating (loss)/profit</b>	2	(641)	2,788
Interest receivable and similar income	4	328	868
Interest payable and similar charges	5	(75)	(549)
<b>(Loss)/profit on ordinary activities before taxation</b>		(388)	3,107
Tax credit/(charge) on (loss)/profit on ordinary activities	6	-	(870)
<b>(Loss)/profit on ordinary activities after taxation</b>		(388)	2,237
<b>(Loss)/profit for the financial year</b>	11	(388)	2,237

All activities arise from continuing operations

There are no recognised gains and losses, other than the loss attributable to the shareholder of the company for the year of £388,000 (2009 profit of £2,237,000) Accordingly, no statement of total recognised gains and losses is presented

## Conran Finance Limited

### Balance sheet 31 March 2010

	Notes	2010 £'000	2009 £'000
<b>Current assets</b>			
Debtors	7	5,786	7,130
Cash at bank and in hand		5,167	5,844
		<u>10,953</u>	<u>12,974</u>
<b>Creditors: amounts falling due within one year</b>	8	<u>(16)</u>	<u>(872)</u>
<b>Net current assets</b>		10,937	12,102
<b>Creditors, amounts falling due after more than one year</b>	9	<u>(9,516)</u>	<u>(10,293)</u>
<b>Net assets</b>		<u>1,421</u>	<u>1,809</u>
<b>Capital and reserves</b>			
Called-up share capital	10	-	-
Profit and loss account	11	1,421	1,809
<b>Shareholder's funds</b>		<u>1,421</u>	<u>1,809</u>

The financial statements of Conran Finance Limited registered number 03085223 were approved by the Board of Directors on 17 November 2010

Signed on behalf of the Board of Directors



Roger Mavity  
Director

# Conran Finance Limited

## Notes to the accounts Year ended 31 March 2010

### 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 (loss)/profit

	2010 £'000	2009 £'000
Is stated after charging		
Fees payable to the company's auditors for the audit of the company's annual accounts	2	2
Exchange loss/(gain) on operations	609	(2,819)

# Conran Finance Limited

## Notes to the accounts (continued) Year ended 31 March 2010

### 3. Directors' remuneration

The company has an agreement with Conran Limited, a fellow subsidiary undertaking, for the provision of the services of 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 (2009: nil).

### 4. Interest receivable and similar income

	2010 £'000	2009 £'000
Bank interest receivable and similar income	39	270
Interest receivable from group undertakings	289	598
	<u>328</u>	<u>868</u>

### 5. Interest payable and similar charges

	2010 £'000	2009 £'000
Bank interest payable and similar charges	4	30
Interest payable to group undertakings	71	519
	<u>75</u>	<u>549</u>

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

#### (a) Analysis of credit/(charge) in the year

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

	2010 £'000	2009 £'000
Current tax		
UK corporation tax -- group relief receivable at 28% (2009: 28%) based on the (loss)/profit for the year	-	(870)
Total current tax (note 6(b))	<u>-</u>	<u>(870)</u>
Tax credit/(charge) on (loss)/profit on ordinary activities	<u>-</u>	<u>(870)</u>

There was no deferred tax in either financial year.

# Conran Finance Limited

## Notes to the accounts (continued) Year ended 31 March 2010

### 6. Tax on profit on ordinary activities

#### (b) Factors affecting current tax credit

The tax assessed on the loss on ordinary activities for the year based on the standard rate of corporation tax in the UK of 28% (2009 28%) is reconciled below

	£'000	£'000
(Loss)/profit on ordinary activities before tax	(388)	3,107
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK	109	(870)
Tax losses carried forward	(109)	
Total current tax charge (note 6(a))	-	(870)

### 7. Debtors

	2010 £'000	2009 £'000
Amounts owed by group undertakings	5,776	7,130
Prepayments and accrued income	10	-
	5,786	7,130

Included in amounts owed by group undertakings are amounts totalling £5,688,000 (2009 £7,108,000) 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 1.50%.

### 8 Creditors, amounts falling due within one year

	2010 £'000	2009 £'000
Amounts owed to group undertakings	12	-
Amounts owed to group undertakings in respect of group relief	-	870
Accruals and deferred income	4	2
	16	872

## Conran Finance Limited

### Notes to the accounts (continued)

#### Year ended 31 March 2010

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

	2010 £'000	2009 £'000
Loan from ultimate parent undertaking	9,516	10,293

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 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. Called-up share capital

	2010 £	2009 £
<b>Authorised:</b>		
100 ordinary shares of £1 each	100	100
<b>Called-up, allotted and fully-paid:</b>		
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	2010 Total shareholder's funds £'000	2009 Total shareholder's deficit £'000
At 1 April	-	1,809	1,809	(428)
Loss for the financial year	-	(388)	(388)	2,237
At 31 March	-	1,421	1,421	1,809

##### 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 24 February 2010 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 (2009 £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 8. There were no related-party transactions.

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## **Conran Finance Limited**

### **Notes to the accounts (continued)**

#### **Year ended 31 March 2010**

##### **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. Copies of the group's financial statements are available from 22 Shad Thames, London, SE1 2YU.