

**Speciality Home Shopping (US) Limited**

**Annual report and financial statements**

Registered number 03941468

Period ending 4 March 2017



## Contents

|   |   |
|---|---|
| Directors' report   | 1 |
| Statement of directors' responsibilities in respect of the Directors' Report and the financial statements | 2 |
| Directors' responsibilities statement   | 2 |
| Independent auditor's report to the members of Speciality Home Shopping (US) Limited                      | 3 |
| Profit and loss account & Other Comprehensive Income  | 5 |
| Balance sheet   | 6 |
| Statement of Changes in Equity  | 7 |
| Notes   | 8 |

## Directors' report

The directors present their annual report on the affairs of the company, together with the audited financial statements and auditor's report, for the 53 week period ended 4 March 2017

### Directors

The directors who served during the period and thereafter are as shown below:

A L Spindler

C Lovelace

The company secretary who served during the period and thereafter is as shown below:

D M Cropper

### Going concern

The directors have received confirmation that N Brown Group plc, the company's ultimate holding company, will continue to provide the necessary level of support to enable it to continue to operate for the foreseeable future. The group has considered carefully its cash flows for the next twelve months from the date of signing the audited financial statements. These have been appraised in light of the uncertainty in the current economic climate. As such, conservative assumptions for working capital performance have been used to determine the level of financial resources available to the group and to assess liquidity risk.

The group's forecasts and projections, after sensitivity to take account of all reasonably foreseeable changes in trading performance, show that the group will have sufficient headroom within the group's current facilities. After making appropriate enquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in the preparation of the annual report and financial statement.

### Proposed dividend

The directors do not recommend payment of a dividend (2016: £nil)

### Political and charitable contributions

The company has made no political or charitable donations during the year (2016: £nil)

### Disclosure of information to auditor

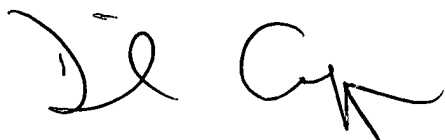
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information

### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG will therefore continue in office.

Approved by the Board of Directors and signed on behalf of the Board on 28 June 2017

By order of the board



D M Cropper

Company Secretary

Griffin House  
40 Lever Street  
Manchester  
M60 6ES

28 June 2017

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

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 period. Under that law the directors have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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 judgments and estimates that are reasonable and prudent; 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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



**KPMG LLP**

1 St Peter's Square  
Manchester  
M2 3AE  
United Kingdom

## **Independent auditor's report to the members of Speciality Home Shopping (US) Limited**

We have audited the financial statements of Speciality Home Shopping (US) Limited for the year ended 4 March 2017 set out on pages 5 to 11. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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 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 members, as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 2, 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 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 Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **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 4 March 2017 and of its result for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Independent auditor's report to the members of Speciality Home Shopping (US) Limited** *(continued)*

### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year is consistent with the financial statements.

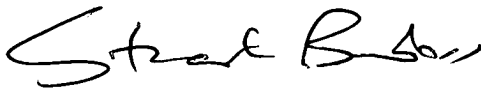
Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Directors' report:

- we have not identified material misstatements in that report; and
- in our opinion, that report have been prepared in accordance with the Companies Act 2006.

### **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 from the requirement to prepare a Strategic Report.



**Stuart Burdass (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
1 St Peter's Square  
Manchester  
M2 3AE

*30 June 2017*

**Profit and loss account & Other Comprehensive Income**  
*for the 53 week period ended 4 March 2017*

|   | <i>Notes</i> | <b>2017</b><br>£   | <b>2016</b><br>£ |
|---|--------------|--------------------|------------------|
| <b>Turnover</b>                               | <b>3</b>     | <b>15,736,609</b>  | 14,283,762       |
| Cost of sales                                 |              | (5,492,869)        | (5,396,724)      |
|   |              | <hr/>              | <hr/>            |
| <b>Gross profit</b>                           |              | <b>10,243,740</b>  | 8,887,038        |
| Distribution costs                            |              | (2,056,360)        | (2,877,313)      |
| Selling and administration costs              |              | (9,485,661)        | (6,994,498)      |
|   |              | <hr/>              | <hr/>            |
| <b>Operating loss</b>                         |              | <b>(1,298,281)</b> | (984,773)        |
| Net finance expense                           |              | (109)              | (208)            |
|   |              | <hr/>              | <hr/>            |
| <b>Loss on ordinary activities before tax</b> | <b>2</b>     | <b>(1,298,390)</b> | (984,981)        |
| Tax on loss on ordinary activities            | <b>4</b>     | <b>1,298,390</b>   | 984,981          |
|   |              | <hr/>              | <hr/>            |
| <b>Result for the financial period</b>        |              | <b>-</b>           | -                |
|   |              | <hr/>              | <hr/>            |

All income has arisen from continuing operations.

**Other Comprehensive Income**

The company has no recognised gains or losses other than the result for the current or prior financial period as shown above. Accordingly, no separate statement of Other Comprehensive Income is presented.

The accompanying notes are an integral part of these financial statements.

## Balance sheet

As at 4 March 2017

|   | Note | 2017<br>£          | 2016<br>£          |
|---|------|--------------------|--------------------|
| <b>Current assets</b>                                 |      |                    |                    |
| Debtors   | 5    | 1,773,453          | 1,604,887          |
| Cash at bank and in hand                              |      | 1,351,194          | 452,254            |
|   |      | <u>3,124,647</u>   | <u>2,057,141</u>   |
| <b>Creditors: amounts falling due within one year</b> | 6    | <b>(3,124,645)</b> | <b>(2,057,139)</b> |
|   |      | <u>2</u>           | <u>2</u>           |
| <b>Net assets</b>                                     |      | <u>2</u>           | <u>2</u>           |
| <b>Capital and reserves</b>                           |      |                    |                    |
| Called-up share capital                               | 7    | 2                  | 2                  |
| Profit and loss account                               |      | -                  | -                  |
|   |      | <u>2</u>           | <u>2</u>           |
| <b>Shareholder's funds</b>                            |      | <u>2</u>           | <u>2</u>           |

The financial statements of Speciality Home Shopping (US) Limited (registered number 03941468) were approved by the Board of Directors and authorised for issue on 28 June 2017 and signed on its behalf by:



**C Lovelace**  
Director

The accompanying notes are an integral part of these financial statements.

Company number 03941468



## STATEMENT OF CHANGES IN EQUITY

|   | Called up<br>Share<br>Capital<br>£ | Profit and<br>loss account<br>£ | Total<br>equity<br>£ |
|---|------------------------------------|---------------------------------|----------------------|
| <b>Balance at 28 February 2015</b>                        | <b>2</b>                           | <b>-</b>                        | <b>2</b>             |
| <b>Total comprehensive income for the period</b>          |                                    |                                 |                      |
| Profit or loss  | -                                  | -                               | -                    |
| <b>Total comprehensive income for the period</b>          | <b>-</b>                           | <b>-</b>                        | <b>-</b>             |
| Dividends   | -                                  | -                               | -                    |
| <b>Total contributions by and distributions to owners</b> | <b>-</b>                           | <b>-</b>                        | <b>-</b>             |
| <b>Balance at 27 February 2016</b>                        | <b>2</b>                           | <b>-</b>                        | <b>2</b>             |
| <b>Total comprehensive income for the period</b>          |                                    |                                 |                      |
| Profit or loss  | -                                  | -                               | -                    |
| <b>Total comprehensive income for the period</b>          | <b>-</b>                           | <b>-</b>                        | <b>-</b>             |
| Dividends   | -                                  | -                               | -                    |
| <b>Total contributions by and distributions to owners</b> | <b>-</b>                           | <b>-</b>                        | <b>-</b>             |
| <b>Balance at 4 March 2017</b>                            | <b>2</b>                           | <b>-</b>                        | <b>2</b>             |

The accompanying notes are an integral part of these financial statements.

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

Speciality Home Shopping (US) Limited (the “Company”) is a company incorporated and domiciled in the UK. The principal accounting policies of the Company are set out below.

#### *Basis of preparation*

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* (“FRS 101”) and the Companies Act 2006

In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU (“Adopted IFRSs”), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions have been taken.

The company’s ultimate parent undertaking N Brown Group Plc includes the company in its consolidated financial statements. The consolidated financial statements of N Brown Group Plc are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from its registered office address, see note 9.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel.

The company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

There are no judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements or estimates with a significant risk of material adjustment in the next year.

#### *Accounting period*

Throughout the financial statements, the notes to the financial statements and the Directors’ Report, reference to 2017 means 4 March 2017 or the 53 week period then ended. Reference to 2016 means 27 February 2016 or the 52 weeks then ended.

#### *Measurement convention*

The financial statements are prepared on the historical cost basis and in accordance with applicable United Kingdom law and accounting standards.

The accounting policies below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

#### *Going concern*

The directors have received confirmation that N Brown Group plc, the company’s ultimate holding company, will continue to provide the necessary level of support to enable it to continue to operate for the foreseeable future. The group has considered carefully its cash flows for the next twelve months from the date of signing the audited financial statements. These have been appraised in light of the uncertainty in the current economic climate. As such, conservative assumptions for working capital performance have been used to determine the level of financial resources available to the group and to assess liquidity risk. Based on the considerations made, the Directors deem the going concern basis to be appropriate in the preparation of these financial statement. Further details have been included in the Directors’ Report.

## Notes (continued)

### 1 Accounting policies (continued)

#### Turnover

Turnover is stated net of VAT and trade discounts. Turnover from the sale of goods is recognised when the goods are despatched. Sales returns in the period are recognised as a deduction to revenue as incurred. A provision is made for outstanding returns not yet made at the period end. Accumulated experience (including historical returns rates) is used to estimate and provide for such returns.

#### Foreign currency

Transactions in foreign currencies are translated to the company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in 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 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 taxable 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 the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis. A deferred tax asset is recognised only to the extent that it is probably that future taxable profits will be available against which the temporary difference can be utilised.

#### Cash and cash equivalents

Cash and cash equivalent comprise cash balances and call deposits.

### 2 Expenses and auditor's remuneration

The company has no employees other than the directors, who received no remuneration from the company during the period. The services to the company during the period are deemed to be negligible therefore no charge has been made to the company. See note 7. Fees paid to the company's auditor, KPMG LLP and its associates for the audit of the company were £500 (2016: £500), paid by a fellow group company. Fees paid for services other than the statutory audit of the company are not disclosed in the company's financial statement since the consolidated financial statement of the company's parent, N Brown Group plc, are required to disclose non-audit fees on a consolidated basis.

### 3 Turnover

All turnover and operating profit is generated from the principal activity of the company in the United States of America.

|                    | 2017<br>£         | 2016<br>£         |
|--------------------|-------------------|-------------------|
| Sale of goods      | 14,532,935        | 13,803,792        |
| Financial services | 1,203,674         | 479,970           |
|                    | <u>15,736,609</u> | <u>14,283,762</u> |

## Notes (continued)

### 4 Tax on loss on ordinary activities

#### Recognised in the profit and loss account

|                                      | 2017<br>£   | 2016<br>£ |
|--------------------------------------|-------------|-----------|
| <i>UK corporation tax</i>            |             |           |
| Current tax on income for the period | (1,298,390) | (984,981) |
|                                      | <hr/>       | <hr/>     |
| Tax on loss on ordinary activities   | (1,298,390) | (984,981) |
|                                      | <hr/>       | <hr/>     |

#### Reconciliation of effective tax rate

|  | 2017<br>£          | 2016<br>£        |
|--|--------------------|------------------|
| Profit for the year  | -                  | -                |
| Total tax credit   | (1,298,390)        | (984,981)        |
|  | <hr/>              | <hr/>            |
| Loss excluding taxation  | (1,298,390)        | (984,981)        |
|  | <hr/>              | <hr/>            |
| Tax using the UK corporation tax rate of 20.00% (2016: 20.08%) | (259,678)          | (197,784)        |
| Surrender of group tax losses                                  | 259,678            | 197,784          |
| Payment received for group relief                              | (1,298,390)        | (984,981)        |
|  | <hr/>              | <hr/>            |
| <b>Total tax credit</b>  | <b>(1,298,390)</b> | <b>(984,981)</b> |
|  | <hr/>              | <hr/>            |

### 5 Debtors

|                                    | 2017<br>£ | 2016<br>£ |
|------------------------------------|-----------|-----------|
| Trade debtors                      | 1,062,692 | 1,138,973 |
| Amounts owed by group undertakings | -         | 373,130   |
| Social security and other taxes    | 277,080   | 92,784    |
| Prepayments and accrued income     | 433,681   | -         |
|                                    | <hr/>     | <hr/>     |
|                                    | 1,773,453 | 1,604,887 |
|                                    | <hr/>     | <hr/>     |

### 6 Creditors: Amounts falling due within one year

|                                    | 2017<br>£ | 2016<br>£ |
|------------------------------------|-----------|-----------|
| Amounts owed to group undertakings | 869,635   | -         |
| Accruals and deferred income       | 2,255,010 | 2,057,139 |
|                                    | <hr/>     | <hr/>     |
|                                    | 3,124,645 | 2,057,139 |
|                                    | <hr/>     | <hr/>     |

## Notes (continued)

### 7 Directors Remuneration

Total directors' emoluments were as follows:

|                      | 2017<br>£'000 | 2016<br>£'000 |
|----------------------|---------------|---------------|
| Aggregate emoluments | 3,876         | 3,582         |
|                      | <u>3,876</u>  | <u>3,582</u>  |

The amount of time spent in relation to Speciality Home Shopping (US) Limited by the directors in the period was immaterial therefore no charge has been made in the accounts.

### 8 Called-up share capital

|                                    | 2017<br>£ | 2016<br>£ |
|------------------------------------|-----------|-----------|
| Allotted, called up and fully paid |           |           |
| 2 ordinary share of £1 each        | 2         | 2         |
|                                    | <u>2</u>  | <u>2</u>  |

### 9 Ultimate parent undertaking and related party disclosures

The Company is a subsidiary undertaking of N Brown Group plc which is the ultimate parent company and controlling party incorporated in the United Kingdom.

The largest and smallest group in which the results of the Company are consolidated is that headed by N Brown Group plc, incorporated in the United Kingdom. The consolidated financial statements of these groups are available to the public and may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

As the company is a wholly owned subsidiary of JD Williams & Company Limited, the company has taken advantage of the exemption contained in FRS 101.8 (K) and has therefore not disclosed transactions with other group companies.