Registered number: 4200853

Bendon UK Limited

Report and Financial Statements

Year ended 30 June 2015

Contents

Company Information

Director
Justin Davis-Rice

Auditors
Ernst & Young LLP
400 Capability Green
Luton
Bedfordshire LU1 3LU

Bankers
HSBC Bank plc
75-77 High Street
Sutton
Surrey
SM1 1DU

Registered Office
Third Floor
Axtell House
23-24 Warwick Street
London W1B 5NQ

Strategic Report

The Director presents his strategic report for the year ended 30 June 2015.

Principle activities, review of the business and future developments

The company's principal activity during the year was a wholesaler of branded lingerie.

The company's financial performance is assessed by turnover and operating profit as disclosed in the profit & loss account.

	2015	2014
	£000	£000
Turnover	9,261	11,291
Gross Profit	3,270	4,007
Profit on ordinary activities before taxation	242	169
Profit for the financial period	176	163

Third party sales decreased 12% year on year. Bendon's largest licensed brand was renewed under a new brand name during the financial year. This temporarily resulted in supply issues of rebranded styles which impacted sales volumes. A stronger GBP/EUR also impacted reported sales. The business expects the European region to drive further revenue growth in the future.
Gross Profit was 35% which was consistent with 2014 Financial year.

The business also focussed on tight cost control of brand management costs. Overall, the business achieved a reduction in brand management costs of 21%.

Principal risks and uncertainties

Competitive pressure in the UK is a continuing risk for the company. The company manages this risk by providing added value services to its customers.

Trade pressure is continuing to increase with more and more entries by competing brands into the company's core markets. The company however continues to spread its sales base and its continuing mix of customers in order to negate the effect of market dilution.

Part of the companies sales are denominated in euros. Bendon manages this risk by monitoring cross rates and is able to take out forward cover when deemed necessary.

Credit risk is managed by strict credit setting and credit control procedures. Liquidity risk is managed by funding all being sourced through the parent undertaking.

Economic and market risk

The economic market can affect the performance of the company in terms of both sales and costs. Through product development and consumer research, management works to ensure that value is delivered to all our customers and consumers. Management works hard to mitigate the impact of external cost on customers and its overall profitability through the delivery of cost savings.

International operations

The Company sells in certain international markets. Management continually reviews all relevant requirements to ensure appropriate policies and controls are developed when trading continually.

Strategic Report

Competitor risk

The Company operates in competitive markets where the activities of multinational, local and regional companies which have branded and private label businesses may adversely affect the company's market share, cash flow, turnover, profits and profit margins. Management focuses on investing in innovation and product development where it can build competitive advantage and where it can consistently grow sales and margins.

On behalf of the Board

Justin Davis-Rice
Director

28/7/16

Director's report

The director presents his report and financial statements for the year ended 30 June 2015.

Results and dividends

The results for the year are set out on page 8. The director does not propose the declaration of a dividend (2014 – £nil).

Principal activity and review of the business

The company's principal activity during the year continued to be a wholesaler of branded lingerie.

Turnover has decreased to £9,261,106 (2014: £11,291,229) and operating profit has increased to £242,138 (2014: £168,755). The director believes the performance of the business in the year to be satisfactory and that future performance will improve.

The balance sheet on page 9 of the financial statements shows the company's financial position at the year end. There has been a decrease in net liabilities from the prior period. This is almost entirely funded through amounts owed to group undertakings which are shown in note 10.

Given the economic climate for retailers the company has performed well during the year. Expansion of the portfolio of brands and territories into which they are sold will continue to add value and help to minimise reliance on key products and traditional markets.

Significant Changes

On 26th September 2014, the Group entered into a licencing agreement with Heidi Klum LLC for an initial term of seven years, for the worldwide right to use variants of Heidi Klum naming on its products.

On 31st December 2014, the licencing agreement with Elle McPherson expired, and has not been renewed.

There have been no other significant changes to the business for the year ended 30 June 2015.

Principal risks and uncertainties

Competitive pressure in the UK is a continuing risk for the company. The company manages this risk by providing added value services to its customers.

Trade pressure is continuing to increase with more and more entries by competing brands into the company's core markets. The company however continues to spread its sales base and its continuing mix of customers in order to negate the effect of market dilution.

Part of the companies sales are denominated in euros. Bendon manages this risk by monitoring cross rates and is able to take out forward cover when deemed necessary.

Credit risk is managed by strict credit setting and credit control procedures. Liquidity risk is managed by funding all being sourced through the parent undertaking.

Going concern

The company is reliant on continued support from its parent undertaking in order to continue as a going concern. See details in note 1 for the consideration of this and the director's conclusion for preparing the accounts on a going concern basis.

Director

The director who served the company during the period was as follows:
Justin Davis-Rice

Director's report

Supplier payment policy

It is the company's normal practice to make payments to suppliers in accordance with agreed terms provided that the supplier has performed in accordance with the relevant terms and conditions.

Employment policies

Employees of the company are regularly consulted by directors and managers and kept informed of matters affecting them and the overall development of the company.

Environment

The company recognises the importance of environmental responsibility.

Disclosure of information to the auditors

So far as the director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. The director has taken all the steps that he is obliged to take as director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

A resolution to rotate auditors and appoint a new auditor for subsequent years will be put to the members at the Annual General meeting.

On behalf of the Board

JDR

Justin Davis-Rice
Director
28/7/16

Statement of Director's responsibilities

The director is responsible for preparing the Strategic Report, the Director Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director 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 director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 director is 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. The director is 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 AUDITOR'S REPORT TO THE MEMBERS OF BENDON UK LIMITED

We have audited the financial statements of Bendon UK Limited for the year ended 30 June 2015 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Statement of Cash Flow, and the related notes 1 to 19. 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 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 6, 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

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. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 30 June 2015 and of its profit 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 by the Companies Act 2006

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

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.

Ernst & Young LLP

Fraser Bull (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, (Statutory Auditor)
Luton

28/7/15

Profit and Loss Account
for the year ended 30 June 2015

	Notes	2015 £	2014 £
Turnover	2	9,261,106	11,291,229
Cost of sales		(5,991,294)	(7,284,392)
Gross Profit		3,269,812	4,006,837
Administrative expenses		(3,027,674)	(3,838,082)
Operating profit	3	242,138	168,755
Interest payable and similar charges		-	-
Profit on ordinary activities before taxation		242,138	168,755
Tax	6	(65,998)	(6,108)
Profit for the financial period	13	176,140	162,647

All activities derive from continuing operations.

Statement of total recognised gains and losses
for the year ended 30 June 2015

There are no recognised gains and losses other than the gain for the year of £176,140 (year ended 30 June 2014: gain of £162,647).

These financial statements should be read in conjunction with the notes on pages 10 to 18.

Balance Sheet
As at 30 June 2015

	Notes	2015 £	2014 £
Non-Current Assets			
Tangible fixed assets	7	64,517	62,025
		64,517	62,025
Current Assets			
Stocks	8	2,305,834	1,679,709
Debtors	9	1,945,242	1,700,860
Cash at bank and in hand		106,362	114,347
		4,357,438	3,494,916
Creditors : amounts falling due within one year	10	(4,648,613)	(3,959,739)
Net current liabilities		(291,175)	(464,823)
Total assets less current liabilities		(226,658)	(402,798)
Net liabilities		(226,658)	(402,798)
Capital and reserves			
Called up share capital	11	300,000	300,000
Profit and loss account	12	(526,658)	(702,798)
Shareholders' deficit	13	(226,658)	(402,798)

The financial statements were approved by the Board on 28th July 2016 and signed on its behalf by:

Justin Davis-Rice
Director

Registered no: 4200853

Bendon UK Limited

Statement of Cash Flow
for the year ended 30 June 2015

	Notes	Jun-15 £ Inflows/ (Outflows)	Jun-14 £ Inflows/ (Outflows)
Cash flows from operating activities			
Receipts from customers		10,197,264	12,474,366
Payments to suppliers and employees		(10,462,291)	(11,487,077)
Income taxes received/(paid)		(57,070)	(0)
Net cash provided by operating activities	14	**(322,097)**	**987,288**
Cash flows from investing activities			
Payment for property, plant and equipment		(33,763)	(56,134)
Net cash used in investing activities		**(33,763)**	**(56,134)**
Cash flows from financing activities			
Funding from/to related parties		347,875	(947,199)
Interest paid		-	-
Net cash used in financing activities		**347,875**	**(947,199)**
Net increase/(decrease) in cash and cash equivalents		(7,985)	(16,045)
Cash and cash equivalents at the beginning of the financial year		114,347	130,392
Cash and cash equivalents at the end of the financial year		**106,362**	**114,347**

Notes to the Financial Statements
at 30 June 2015

1. Accounting policies
Basis of preparation

The financial statements are prepared under the historical cost convention in accordance with the reporting requirements of the Companies Act 2006, together with applicable United Kingdom accounting standards. The particular accounting policies adopted, which have been applied consistently in both the current and previous financial year, are described below.

Fundamental accounting concept

The company has net liabilities at the year-end amounting to £226,658 and has made a profit of £176,140 during the period. Accordingly the company is reliant on the continuing financial support of the parent undertaking, Bendon Limited, incorporated in New Zealand, in order to meet liabilities as they fall due. The parent company has indicated that they will not seek repayment of any of the group balances due until the company is able to pay them for a period of at least 12 months from the approval of these financial statements and will continue to provide further support as required during that period.

Tangible fixed assets

Fixed assets are stated at cost less provision for any impairment and depreciation. Depreciation is provided on a straight line basis over the estimated useful lives of the assets. The useful lives used to calculated depreciation are as follows:

Leasehold land and buildings	- over the lease term
Store, fixtures and office equipment	- 3 to 5 years straight line

Stock

Stock is stated at the lower of cost and net realisable value. Cost includes all appropriate production overheads. Net realisable value is the actual or estimated selling price less all further costs to completion and all costs to be incurred in marketing, selling and distribution.

Deferred taxation

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 right to pay less or to receive more, tax, with 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 can be deducted.

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.

Notes to the Financial Statements
at 30 June 2015

Revenue recognition

Revenue is recognised when the significant risks and rewards of ownership pass to the customer. Risk and rewards are transferred to the customer when goods are delivered.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated at the average exchange rate for the period. All exchange differences are dealt with through the profit and loss account.

Operating leases

Rental costs under operating leases are charged to the profit and loss account as the leasing charges are incurred.

Notes to the Financial Statements
at 30 June 2015

2. Turnover

Turnover represents sales less returns and discounts and excludes Value Added Tax and is generated exclusively from the retail and wholesale of lingerie and sleepwear.

	2015	*2014*
	£	£
UK	5,825,421	7,306,029
Rest of Europe	2,053,661	2,786,042
Rest of World	1,382,024	1,199,158
	9,261,106	11,291,229

3. Operating Profit

This is stated after charging:

	2015	*2014*
	£	£
Depreciation of fixed assets (note 7)	31,271	34,515
Operating lease rentals - land and buildings	227,525	215,764
Auditors' remuneration - audit services	12,000	12,000

4. Director's emoluments

Emoluments in respect of the director services are considered inconsequential to the company.

Notes to the Financial Statements
at 30 June 2015

5. Staff costs

	2015	*2014*
	£	*£*
Wages and salaries	843,648	836,795
Social security costs	84,153	78,373
	927,801	915,168

The average monthly number of employees during the period was made up as follows:

	2015	*2014*
	No.	*No.*
Sales and administration	27	27

6. Tax

(a). Tax on profit on ordinary activities
The tax charge is made up as follows:

	2015	*2014*
	£	*£*
Current tax (note 6(b))	51,452	34,145
Adjustments in respect of current income tax of previous years	(12,560)	-
Deferred tax (note 6(c))	27,106	(28,037)
Total tax	65,998	6,108

Notes to the Financial Statements
at 30 June 2015

6. (b). Factors affecting current tax charge

The standard rate of current tax for the period, based on the UK standard rate of corporation tax, is 20.75% (2014 - 22.5%).

The current and prior period charges are set out in the following reconciliation:

	2015	*2014*
	£	*£*
Profit on ordinary activities before tax	242,138	168,755
Profit on ordinary activities multiplied by standard rate of corporation in the UK of 21% (2014 - 21%)	50,849	35,439
Effects of:		
Expenses not deductible for tax	871	1,496
Difference between capital allowances and depreciation	1,379	356
Other timing differences	1,670	32,642
Loss utilised		(35,788)
Other	(3,316)	
Current tax for the period (note 6(a)).	51,452	34,145

(c). Movement of deferred tax asset

	2015	*2014*
	£	*£*
Balance at 1 July 2014	60,934	32,897
Movement	(27,106)	28,037
Balance at 30 June 2015	33,828	60,934

Notes to the Financial Statements
at 30 June 2015

7. Tangible Fixed Assets

	Short - leasehold land and buildings	*Store, fixtures and office equipment*	*Total*
	£	*£*	*£*
Cost:			
At 1 July 2014	7,442	602,913	610,355
Additions	-	33,763	33,763
At 30 June 2015	7,442	636,676	644,118
Depreciation:			
At 1 July 2014	(7,442)	(534,292)	(541,734)
Charge for the period	-	(31,271)	(31,271)
At 30 June 2015	(7,442)	(565,563)	(573,005)
Impairment of fixed asset:			
At 1 July 2014	-	(6,596)	(6,596)
Change for the period	-	-	-
At 30 June 2015	-	(6,596)	(6,596)
Net book value:			
At 30 June 2015	-	64,517	64,517
At 1 July 2014	-	62,025	62,025

8. Stocks

	2015	*2014*
	£	*£*
Finished goods and goods for resale	2,331,082	1,679,709
Provision for Obsolescence	(25,248)	-
	2,305,834	1,679,709

9. Debtors: amounts falling due within one year

	2015	*2014*
	£	*£*
Trade debtors	1,794,422	1,505,639
Taxation and social security	10,613	-
Other debtors and prepayments	106,379	134,287
Deferred tax (note 6(c))	33,828	60,934
	1,945,242	1,700,860

Notes to the Financial Statements
at 30 June 2015

10. Creditors: amounts falling due within one year

	2015	2014
	£	£
Debenture with related party	994,002	994,002
Trade creditors	1,290,044	1,026,737
Amounts owed to parent company	1,605,534	1,257,659
Corporation Tax	15,968	34,145
Taxation and social security	-	78,410
Accruals	743,065	568,786
	4,648,613	3,959,739

11. Issued share capital

	2015	2014
	£	£
Authorised, issued and fully paid:		
300,000 called up, allotted and fully paid ordinary shares of £1 each	300,000	300,000

12. Reserves

	Profit and loss account	
	2015	2014
	£	£
At 1 July 2014	(702,798)	(865,445)
Profit for the financial period	176,140	162,647
At 30 June 2015	(526,658)	(702,798)

Notes to the Financial Statements
at 30 June 2015

13. Reconciliation of shareholders' funds

	2015	2014
	£	£
Profit for the financial period	176,140	162,647
Opening equity shareholder' deficit	(402,798)	(565,445)
	(226,658)	(402,798)

14. Reconciliation of profit/(loss) for the year to net cash flows from operating activities:

	2015	2014
	£	£
Profit/(loss) for the year	176,140	162,647
Adjusted for		
Depreciation of non current assets	31,271	34,515
Interest paid	-	-
(Increase)/decrease in assets:		
Current receivables	(271,488)	(169,426)
Inventories	(626,124)	758,982
Related party receivables	-	-
Derivative assets	-	-
Current tax receivable	-	-
Deferred tax asset	27,106	(28,038)
Increase/(decrease) in liabilities:		
Current payables	359,175	194,462
Provisions	-	-
Current tax liabilities	(18,177)	34,145
Derivative liability	-	-
Net cash from operating activities	(322,097)	987,289

15. Operating leases
At 30 June 2015, the company had annual commitments under leases:

	Land and buildings	*Land and buildings*
	2015	*2014*
	£	£
Leases which expire:		
Within one year		-
Within one to five years	150,399	173,271
Greater than five years	-	
	150,399	173,271

Notes to the Financial Statements
at 30 June 2015

16. Commitments and contingencies

The company is part of a Borrowing Group comprising other entities within the Bendon Limited group. The Borrowing Group has loan facilities which are secured by a charge over the assets of the Guaranteeing Group. The Guaranteeing Group consists of all Bendon Limited group companies and is required to maintain certain covenants.

17. Provision for liabilities

		2015		2014
	Provided	*Unprovided*	*Provided*	*Unprovided*
	£	*£*	*£*	*£*
Deferred tax:				
Trading losses	-	-	-	-
Short term timing differences	(33,828)	-	(60,934)	-
	(33,828)	-	(60,934)	-

The above un-provided deferred tax asset would be recovered through reduced tax charges on future taxable profits.

18. Related party transactions

The company has taken advantage of the exemption contained in FRS 8 'Related Party Transactions' not to disclose transactions with other wholly owned group companies.

For outstanding related party receivable and payable balances at year end please refer to note 10.

19. Ultimate parent undertaking and controlling party

The immediate parent undertaking and smallest group for which consolidated financial statements are prepared is Bendon Limited, a company registered and incorporated in New Zealand.

The ultimate parent company and controlling party is JADR Holdings Pty Limited, a company incorporated in Australia.