

Phase Eight Bidco Limited
Annual report and financial statements
For the year ended 30 January 2010

Registered Number 06054361

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Phase Eight Bidco Limited

Annual report and financial statements for the year ended 30 January 2010

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Phase Eight Bidco Limited

Directors and advisers

Directors

M Rahamim
B Barnett
J Bremner
L Harlow

Registered Office

21 Carnwath Road
London
SW6 3HR

Solicitors

Palmers Solicitors
PO Box 455
46 Harpur Street
Bedford
MK40 2YU

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

Bankers

Barclays
1 Churchill Place
London
E15 5HP

Phase Eight Bidco Limited

Directors' report for the year ended 30 January 2010

The directors present their report and the audited financial statements for the year ended 30 January 2010

Principal activities

The company acts as a holding company. The principal activities of the group are the design and retail of women's fashion clothing.

Review of business

The profit and loss account is shown on page 7 of the financial statements. The directors consider the results for the year to be satisfactory and expect the present level of activity will be sustained for the foreseeable future. As the company is non-trading there was no turnover. A loss after tax of £1,505,371 (2009 £2,323,991) was made in the year.

At 30 January 2010 the company had net liabilities of £5,953,485 (2009 £4,448,113).

The principal risks and uncertainties facing the company relate to the underlying performance of its investments; these are addressed in the individual financial statements of these companies.

In the opinion of the directors, other than the profit and loss account for the Company, there are no Key Performance Indicators whose disclosure is necessary for an understanding of the development, performance or position of the business. The performance of the underlying investments is disclosed in Phase Eight Holdco Limited consolidated accounts; these are publicly available.

Future developments

The directors do not expect any significant change in the trading and status of Phase Eight Bidco Limited in the future.

Results and dividends

In the year ended 30 January 2010, the result is a retained loss of £1,505,371 (2009 £2,323,991).

The directors do not recommend the payment of a dividend for the year ended 30 January 2010 (2009 £Nil). There was no dividend paid during the year (2009 £Nil).

Directors

The directors who served during the year under review and up to the date of signing the report were as follows:

M Rahamim	
W Cooper	- resigned 14 November 2009
J Bremner	
L Harlow	
B Barnett	- appointed 14 November 2009

Phase Eight Bidco Limited

Directors' report for the year ended 30 January 2010 (continued)

Employment policies

The company's employment policy determines that recruitment and promotion are determined solely by personal merit and effective performance of the job requirements and that no applicant or employee is treated less fairly than another on the grounds of disability, race, gender or age

Employee involvement

Information is disseminated, via a number of channels, to all members of staff about matters which affect the progress of the company and that are of interest and concern to them as employees

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of credit risk, liquidity risk and interest rate risk. The company seeks to limit the adverse effects on the financial performance of the company by monitoring levels of cash holdings, debt finance and the related finance costs

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department

Credit, liquidity and interest rate risk are managed at director level

Going concern

The directors, having taken account of the group's net cash resources and bank facilities and consider that the company and the group have adequate resources to continue as a going concern for the foreseeable future. Therefore it is appropriate to adopt the going concern basis in preparing financial statements

Statement of directors' responsibilities

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 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 accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

Phase Eight Bidco Limited

Directors' report for the year ended 30 January 2010 (continued)

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 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.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the board



B Barnett

Director

27 May 2010

Phase Eight Bidco Limited

Independent auditors' report to the members of Phase Eight Bidco Limited

We have audited the financial statements of Phase Eight Bidco Limited for the year ended 30 January 2010 which comprise the Profit and Loss Account, the Balance Sheet, and the Notes to the financial statements. 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).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3 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 Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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.

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 January 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 by the Companies Act 2006

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

Phase Eight Bidco Limited

Independent auditors' report to the members of Phase Eight Bidco 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



Fiona Kelsey (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH
29 May 2010

Phase Eight Bidco Limited

Profit and loss account for the year ended 30 January 2010

	Note	Year ended 30 Jan 2010 £'000	Year ended 31 Jan 2009 £'000
Administrative expenses	8	<u>(45)</u>	<u>(284)</u>
Net operating loss		(45)	(284)
Interest receivable and similar charges	5	6,480	5,657
Interest payable and similar charges	6	<u>(7,940)</u>	<u>(7,697)</u>
Loss on ordinary activities before taxation	8	(1,505)	(2,324)
Tax on loss on ordinary activities	7	-	-
Loss for the year	15	<u>(1,505)</u>	<u>(2,324)</u>

The profit and loss account has been prepared on the basis that all operations are continuing operations

The company had no gains or losses other than those included in the losses above. Therefore no separate statement of total recognised gains and losses has been presented.

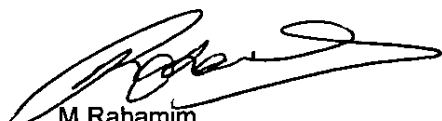
There is no difference between the loss on ordinary activities before taxation and loss for the year stated above and their historical cost equivalents.

Phase Eight Bidco Limited

Balance sheet As at 30 January 2010

	Note	As at 30 Jan 2010 £'000	As at 31 Jan 2009 £'000
Fixed assets			
Investments	9	<u>20,546</u>	<u>20,546</u>
		20,546	20,546
Current assets			
Debtors	10	49,868	43,388
Cash and cash equivalents		<u>32</u>	<u>94</u>
		49,900	43,482
Creditors: amounts falling due within one year	11	<u>(2,270)</u>	<u>(418)</u>
Net current assets		47,630	43,064
Total assets less current liabilities		68,176	63,610
Creditors: amounts falling due after more than one year	12	<u>(74,129)</u>	<u>(68,058)</u>
Net liabilities		<u>(5,953)</u>	<u>(4,448)</u>
Capital and reserves			
Called-up share capital	14	725	725
Profit and loss account	15	(6,678)	(5,173)
Total shareholders' deficit	16	<u>(5,953)</u>	<u>(4,448)</u>

The financial statements on pages 7 to 14 were approved by the board of directors on 27 May 2010 and were signed on its behalf by


M Rahamim
Director


B Barnett
Director

Phase Eight Bidco Limited

Notes to Financial Statements

1 Principal accounting policies

Accounting convention

The accounts have been prepared on the going concern basis, under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom and Companies Act 2006 as consistently applied unless otherwise stated

Consolidation

The financial statements contain information about Phase Eight Bidco Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary financial statements are included by full consolidation in the consolidated financial statements of its ultimate parent company Phase Eight Holdco Limited, a company registered in England and Wales.

Investments

Investments are capitalised at cost, net of any provision for diminution in value.

Interest

Interest is charged to the profit and loss account in the period to which it relates.

Taxation

The tax charge comprises current tax payable and deferred tax.

The current tax charge represents an estimate of the amounts payable to tax authorities in respect of the Company's taxable profits and is based on an interpretation of existing tax laws.

Deferred tax is provided in respect of all timing differences that have originated but have not been reversed by 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 taxation assets are recognised to the extent that it is considered more likely than not that they will be recovered. Deferred tax assets and liabilities are calculated using the tax rates that have been enacted or substantively enacted by the balance sheet date. The company does not discount deferred tax assets and liabilities.

2 Turnover

There is no turnover for Phase Eight Bidco Limited.

Phase Eight Bidco Limited

Notes to Financial Statements (continued)

3 Directors' emoluments

No remuneration was paid to the directors of Phase Eight Bidco Limited for their services to the company. Emoluments have been paid to M Rahamim, W Cooper, L Harlow, J Bremner, D Brock, S Rider, and B Barnett by Phase Eight (Fashion & Designs) Limited for their services to that subsidiary company. Details of their remuneration are shown in the Phase Eight (Fashion & Designs) Limited accounts.

4 Employee information

The average number of persons (including executive directors) employed by the company during the year is shown below:

	Year ended 30 Jan 2010 Number	Year ended 31 Jan 2009 Number
Administration	<u>4</u>	<u>5</u>

The employee costs during the year were borne by Phase Eight (Fashion & Designs) Limited, the subsidiary company.

5 Interest receivable and similar charges

	Year ended 30 Jan 2010 £'000	Year ended 31 Jan 2009 £'000
Interest received on bank balance	-	19
Interest receivable on amounts owed by group companies	<u>6,480</u>	<u>5,638</u>
	<u>6,480</u>	<u>5,657</u>

6 Interest payable and similar charges

	Year ended 30 Jan 2010 £'000	Year ended 31 Jan 2009 £'000
Interest payable on loans	2,324	3,304
Interest payable on amounts owed to group companies	5,172	4,393
Amortisation of capitalised finance costs	436	-
Other	8	-
	<u>7,940</u>	<u>7,697</u>

Phase Eight Bidco Limited

Notes to Financial Statements (continued)

7 Taxation on loss on ordinary activities

(a) Analysis of charge in the year

There is no tax charge in the year (2009 £nil)

(b) Factors affecting the tax charge in the year

	Year ended 30 Jan 2010 £'000	Year ended 31 Jan 2009 £'000
Loss on ordinary activities before tax	<u>(1,505)</u>	<u>(2,324)</u>
Loss on ordinary activities before tax multiplied by standard rate of corporation tax in the UK of 28% (2009 28.3%)	(421)	(658)
Effects of		
Permanent Differences	-	46
Group relief for nil consideration	<u>421</u>	<u>613</u>
Current tax charge for year (note 7(a))	<u>-</u>	<u>-</u>

8 Loss on ordinary activities before tax

	Year ended 30 Jan 2010 £'000	Year ended 31 Jan 2009 £'000
Loss on ordinary activities before taxation is stated after charging		
Finance charges	45	45
Bank charges and deal fees	<u>-</u>	<u>177</u>

Auditors' remuneration of £1,500 (2009 £nil) was met by Phase Eight (Fashion & Designs) Limited

Phase Eight Bidco Limited

Notes to Financial Statements (continued)

9 Investments

Investments represent the investment in the 100% subsidiary company, Inhoco 4071 Limited

Cost. At 1 February 2009 and 30 January 2010			2010 £'000	2009 £'000
			20,546	20,546
Name of undertaking	Country of Incorporation or Registration	Description of shares held	Proportion of nominal value of issued shares held by group and proportions of voting rights	Proportion of nominal value of issued shares held by the company
Inhoco 4071 Limited	England & Wales	Ordinary	100%	100%
Inhoco 4055 Limited*	England & Wales	Ordinary	100%	100%
Phase Eight (Fashion & Designs) Limited*	England & Wales	Ordinary	100%	100%
Patsy Seddon Limited*	England & Wales	Ordinary	100%	100%

*indirect holding

The principal business activities of these subsidiaries are as follows

- Inhoco 4071 Limited is an investment holding company
- Inhoco 4055 Limited is an investment holding company
- Phase Eight (Fashion & Designs) Limited designs and retails women's fashion clothing
- Patsy Seddon Limited is a dormant company

10 Debtors

	2010 £'000	2009 £'000
Amount owed by subsidiary companies	49,868	43,388

Phase Eight Bidco Limited

Notes to Financial Statements (continued)

11 Creditors: amounts falling due within one year

	2010 £'000	2009 £'000
Interest payable on bank loans	147	256
Withholding tax	-	22
Bridging Loan and Loan Notes	55	55
Bank Loans	2,000	-
Other creditors	1	1
Accruals and deferred income	67	84
	<u>2,270</u>	<u>418</u>

12 Creditors: amounts falling due after more than one year

	2010 £'000	2009 £'000
Interest payable on bank loans	9	-
Bank loans	29,102	29,416
Amount payable to parent company	37,296	33,044
Amount payable to subsidiary company	7,722	5,598
	<u>74,129</u>	<u>68,058</u>

There is no fixed repayment term for the amount owed to the parent and subsidiary companies. Interest payable on the amount owed to group companies has been accrued at 14%.

Bank loans are secured by a fixed and floating charge over all of the Group's assets.

Phase Eight Bidco Limited

Notes to Financial Statements (continued)

13 Loans and other borrowings

	2010 £'000	2009 £'000
Senior facilities Term loan A	5,557	5,557
Senior facilities Term loan B	7,000	7,000
Senior facilities Term loan C	7,000	7,000
Senior facilities Capital	1,988	1,988
Senior facilities Revolving Credit Facility	2,000	2,000
Mezzanine facility	9,712	8,462
Finance charges and Deal fees	(2,155)	(2,591)
	<u>31,102</u>	<u>29,416</u>

Maturity of debt	2010 £'000	2009 £'000
In one year or less, or on demand (see note11)	2,422	-
In more than one year, but not more than two years	878	2,422
In more than two years, but not more than five years	6,245	3,120
In more than five years	21,557	23,874
	<u>31,102</u>	<u>29,416</u>

14 Called-up share capital

	2010 £'000	2009 £'000
Authorised		
1,000,000 ordinary shares of £1 00 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid		
725,000 ordinary shares of £1 00 each	<u>725</u>	<u>725</u>

The full rights accorded to the shareholders are detailed in the articles of association

15 Profit and loss account

	2010 £'000	2009 £'000
At beginning of the year	(5,173)	(2,849)
Loss for the financial year	<u>(1,505)</u>	<u>(2,324)</u>
At year end	<u>(6,678)</u>	<u>(5,173)</u>

Phase Eight Bidco Limited

Notes to Financial Statements (continued)

16 Reconciliation of movement in equity shareholder's deficit

	2010 £'000	2009 £'000
Loss for the financial year	(1,505)	(2,324)
Net addition in shareholder's deficit	(1,505)	(2,324)
Opening shareholder's deficit	(4,448)	(2,124)
Closing shareholder's deficit	(5,953)	(4,448)

17 Cash flow and related party transactions

The company is a wholly owned subsidiary of Phase Eight Holdco Limited and is included in the consolidated financial statements of Phase Eight Holdco Limited, which are publicly available. Consequently the company is exempt under the terms of FRS 1 (revised 1996) from publishing a cash flow statement. The company is also exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the Phase Eight Holdco Limited group.

18 Ultimate parent company and ultimate controlling party

The parent company and ultimate controlling party of Phase Eight Bidco Limited is Phase Eight Holdco Limited.

Phase Eight Holdco Limited has prepared consolidated accounts for the year ended 30 January 2010. Requests for copies of these accounts should be made to Phase Eight (Fashion & Designs) Limited, 21 Carnwath Road, London SW6 3HR.

18 Post Balance Sheet event

Following year end, Phase Eight Holdco Limited, the parent of the Company, received an offer from Cameron Bidco Limited to acquire its entire issued ordinary share capital.

At a Board meeting of the parent on the 12 May 2010, sale and purchase agreements were entered into with Cameron Bidco Limited by shareholders representing >95% of the ordinary issued share capital of the Company.

Cameron Bidco Limited raised £27.4m of bank debt to supplement capital provided by its investors, to repay in full bank debt owed by the Company to Kaupthing Bank hf.