

**Rapid Holdings Limited**

**Directors' report and consolidated  
financial statements**

Registered number 06386840

For the 53 week period 27 February 2011



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## Directors' report

The directors present their annual report and the audited financial statements for the 53 week period ended 27 February 2011 (52 week period ended 21 February 2010)

### Business review and principal activities

The Company was incorporated on 1 October 2007 and on 24 October 2007 it acquired a majority shareholding in Rapid Fundings Limited. The principal activity of the Company is that of a holding Company.

The Company is a holding Company and incurred net interest charges of £210,000 (2010 £110,000) and administration expenses of £44,000 (2010 £Nil), resulting in a loss of £254,000 for the period ended 27 February 2011 (2010 £110,000).

The statement of financial position on page 8 of the financial statements shows the Company's financial position at the period end.

There have been no significant events since the balance sheet date which should be considered for a proper understanding of these financial statements.

### Principal risks and uncertainties

The Company acts as an intermediary holding Company for M and M Holdings Sarl (an entity incorporated in Luxembourg) and as such holds an investment in M and M Direct Limited. This was financed by external and interCompany loans and incurs annual interest charges as set out in note 6.

### Environment

The Company recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to mitigate any adverse impact that might be caused by its activities.

### Proposed dividend

The directors do not recommend payment of a dividend (2010 £Nil).

### Directors and directors' interests

The directors who held office during the period were as follows:

C Parkin  
J Seigler

### Political and charitable contributions

The Company made no political contributions during the period (2010 £Nil).

Donations to UK charities amounted to £Nil (2010 £Nil).

### Financial instruments

The Company's use of financial instruments and financial risk management practices are discussed in note 11 to the financial statements.

### Disclosure of information to auditors

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 auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make them aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

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

**Auditor**

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

On behalf of the board



**C Parkin**  
*Secretary and Director*

25 Knightsbridge  
London  
SW1 7RZ

15 April 2011

## **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 year. Under that law they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU 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 judgments and estimates that are reasonable and prudent,
- state whether they have been prepared in accordance with IFRSs as adopted by the EU, 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**

One Snowhill  
Snow Hill Queensway  
Birmingham  
B4 6GH  
United Kingdom

### **Independent auditor's report to the members of Rapid Holdings Limited**

We have audited the financial statements of Rapid Holdings Limited for the period ended 27 February 2011 set out on pages 6 to 19. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

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 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, 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 (APB'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 APB's web-site at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

#### **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 27 February 2011 and of its loss for the period then ended,
- have been properly prepared in accordance with IFRSs as adopted by the EU, 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.

## **Independent auditor's report to the members of Rapid Holdings 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



**SJ Purkess (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*

15 April 2011

## Income statement

*for the 53 week period ended 27 February 2011*

	<i>Note</i>	<b>Period ended 27 February 2011 £000</b>	<b>Period ended 21 February 2010 £000</b>
Administrative expenses		(44)	-
Financial income	5	7,540	6,629
Financial expense	6	(7,750)	(6,739)
<b>Net financing expense</b>		<b>(210)</b>	<b>(110)</b>
<b>Loss before income tax</b>	2	<b>(254)</b>	<b>(110)</b>
Taxation	7	-	-
<b>Loss for the financial period</b>		<b>(254)</b>	<b>(110)</b>

All amounts are derived from continuing operations

## Statement of comprehensive income

*for the 53 week period ended 27 February 2011*

	<b>Period ended 27 February 2011 £000</b>	<b>Period ended 21 February 2010 £000</b>
Loss for the financial period	(254)	(110)
<b>Total comprehensive income for the period</b>	<b>(254)</b>	<b>(110)</b>



**Statement of changes in equity**  
*for the 53 week period ended 27 February 2011*

	<b>Share capital £000</b>	<b>Retained earnings £000</b>	<b>Total equity £000</b>
Balance at 22 February 2009	3,532	(108)	3 424
<b>Total comprehensive income for the period</b>			
Profit or loss	-	(110)	(110)
Balance at 21 February 2010	3,532	(218)	3,314
<b>Total comprehensive income for the period</b>			
Profit or loss	-	(254)	(254)
<b>Balance at 27 February 2011</b>	<b>3,532</b>	<b>(472)</b>	<b>3,060</b>

**Statement of financial position**  
*at 27 February 2011*

	<i>Note</i>	<b>Period ended 27 February 2011 £000</b>	<b>Period ended 21 February 2010 £000</b>
<b>Non-current assets</b>			
Investments in subsidiaries	8	48,815	48,815
<b>Current assets</b>			
Trade and other receivables	9	21,937	14,441
<b>Total assets</b>		<b>70,752</b>	<b>63 256</b>
<b>Non-current liabilities</b>			
Interest bearing loans and borrowings	10	(67,692)	(59,942)
<b>Total liabilities</b>		<b>(67,692)</b>	<b>(59,542)</b>
<b>Net assets</b>		<b>3,060</b>	<b>3,314</b>
<b>Equity attributable to equity holder of Company</b>			
Share capital	12	3,532	3,532
Retained earnings		(472)	(218)
<b>Shareholders' funds</b>		<b>3,060</b>	<b>3,314</b>

These financial statements were approved by the board of directors on 15 April 2011 and were signed on its behalf by



**C Parkin**  
*Director*

Company number 06386840

**Statement of cash flows**  
*for the 53 week period ended 27 February 2011*

	Period ended 27 February 2011 £000	Period ended 21 February 2010 £000
<b>Cash flows from operating activities</b>		
Loss for the period	(254)	(110)
<i>Adjustments for</i>		
Financial income	(7,540)	(6,629)
Financial expense	7,750	6,739
Taxation	-	-
	<hr/>	<hr/>
Cash generated from operations	(44)	-
	<hr/>	<hr/>
<b>Net cash from operating activities</b>	-	-
	<hr/>	<hr/>
<b>Cash flows from investing activities</b>		
Acquisition of subsidiary, net of cash acquired	-	-
	<hr/>	<hr/>
<b>Net cash from investing activities</b>	-	-
	<hr/>	<hr/>
<b>Cash flows from financing activities</b>		
Proceeds from issue of new ordinary share capital	-	-
Loans from subsidiary	44	-
	<hr/>	<hr/>
<b>Net cash from financing activities</b>	44	-
	<hr/>	<hr/>
<b>Cash and cash equivalents at 27 February 2011</b>	-	-
	<hr/> <hr/>	<hr/> <hr/>

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

Rapid Holdings Limited (the "Company") is a Company incorporated and domiciled in the UK

#### *Basis of preparation*

The Company's financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs")

The Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare group accounts. These financial statements present information about the Company as an individual undertaking and not about its group.

#### *Going concern*

The directors have prepared these accounts under the going concern concept as the Directors have prepared an annual budget for the period to February 2012 and a high level forecast for the following year which both indicate that the Company has sufficient committed working capital facilities to continue to trade. These forecasts also indicate that the Group of which the Company is a part has significant headroom in meeting its financial covenants, compliance against which is required to draw down on the committed working capital facilities.

The directors have also prepared sensitivity analysis which indicates that the Company's committed facilities remain adequate and the Group of which the Company is a part of will continue to adhere to its financial covenants.

#### *Measurement convention*

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: financial instruments classified as fair value through the profit or loss.

#### *Classification of financial instruments issued by the Company*

Following the adoption of IAS 32, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the Company (or group as the case may be) to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company (or group), and
- (b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

#### *Non-derivative financial instruments*

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

#### *Investments in equity and debt securities*

Investments in equity and debt securities are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost less any impairment losses.

#### *Trade and other receivables*

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

#### *Interest-bearing borrowings*

Interest-bearing borrowings are recognised initially at fair value. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

#### *Financing income and expenses*

Financing expenses comprise interest payable, finance charges on shares classified as liabilities, unwinding of deferred debt arrangement fees. Financing income comprises interest receivable on funds invested, dividend income, and net foreign exchange gains.

Interest income and interest payable is recognised in the income statement as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established.

#### *Investments in subsidiaries*

The Company accounts for its investment in subsidiaries at original cost less subsequent impairment loss.

#### *Taxation*

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

#### *New IFRS standards and interpretations adopted during the financial year ended 27 February 2011*

During the financial year the following standards had been endorsed by the EU, became effective and therefore were adopted by the Group:

- IFRS3 (Revised) – Business Combinations
- IAS27 (Revised) – Consolidated and separate Financial Statements
- Amendment to IFRS2 – Group cash settled share-based payment transactions
- IFRIC16 – Hedges of a net investment in a Foreign Operation
- Annual Improvement Projects to IFRS's

## Notes (continued)

### 1 Accounting policies (continued)

#### *New IFRS standards and interpretations adopted during the year ended 27 February 2011 (continued)*

The Annual Improvement Project to IFRS's provides a vehicle for making non-urgent but necessary amendments to IFRS's. Amendments to a number of standards have been adopted.

The adoption of these standards, amendments and interpretations has not had a material impact on the Company's Financial Statements.

#### *Forthcoming standards*

The IASB and IFRIC have issued additional standards and interpretations which are effective for periods starting after the date of these Financial Statements. The following standards and interpretations have not yet been adopted by the Company.

- IAS24 (Revised) – Related Party Transactions (effective for annual periods beginning on or after 1 January 2011)
- Amendments to IFRIC14 – Prepayments of a minimum funding requirement (effective for annual periods beginning on or after 1 January 2011)
- IFRIC19 – Extinguishing Financial Liabilities with Equity Insurers (effective for annual periods beginning on or after 1 July 2010)

The Company does not anticipate that the adoption of the above standards and interpretations will have a material effect on its Financial Statements on initial adoption.

### 2 Notes to the income statement

#### *Auditors' remuneration*

The audit fee in respect of the Company is borne by a fellow subsidiary undertaking.

### 3 Staff numbers and costs

The Company did not have any employees in the period.

### 4 Directors remuneration

The remuneration of the directors are borne by a fellow subsidiary undertaking.

### 5 Financial income

	Period ended 27 February 2011 £000	Period ended 21 February 2010 £000
Interest on intra-group lendings	7,540	6,629

## Notes (continued)

### 6 Financial expense

	Period ended 27 February 2011 £000	Period ended 21 February 2010 £000
Interest on intra-group borrowings	7,750	6,739

### 7 Taxation

#### Recognised in income statement

	Period ended 27 February 2011 £000	Period ended 21 February 2010 £000
<i>Current tax</i>		
Current tax on profit for the period	-	-
Total current tax	-	-
<i>Deferred tax</i>		
Origination/reversal of timing differences	-	-
Total tax credit in income statement	-	-

#### Reconciliation of effective tax rate

The current tax credit for the period is lower (2010 lower) than the standard rate of corporation tax in the UK of 28% (2010 28%). The differences are explained below

	Period ended 27 February 2011 £000	Period ended 21 February 2010 £000
Loss for the period	(254)	(110)
<i>Effect of</i>		
Total current tax credit at 28% (2010 28%)	71	31
Group relief given to subsidiary without payment	(585)	(1,038)
Non-taxable income	2,112	1,856
Expenses not deductible for tax purposes	(1,598)	(849)
Total tax credit	-	-

#### Factors that may affect future charges

On 22 June 2010 the Chancellor announced that the main rate of UK corporation tax will reduce from 28% to 27% with effect from 1 April 2011. This tax change became substantively enacted in July 2010 and has no effect on the Company as it carries no deferred tax balances.

## Notes (continued)

### 8 Investments in subsidiaries

	Shares in group undertakings £000
<i>Cost and net book value</i>	
At 27 February 2011 and 21 February 2010	48,815
	<u>          </u>

The investment in subsidiaries relates to the following entity

	Carrying value £000	Class of shares held	Proportion of nominal value represented %	Proportion of voting rights held %	Nature of business
<b>Held directly by the Company</b>					
Rapid Fundings Limited	3,440	Ordinary	78.1%	78.1%	Intermediate Holding Company
Rapid Fundings Limited	45,375	12.5% cumulative preference shares	100%	100%	Intermediate Holding Company
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
		Class of shares held	Proportion of nominal value represented %	Proportion of voting rights held %	Nature of business
<b>Held indirectly by the Company</b>					
M and M Direct Limited		Ordinary	78.1%	78.1%	Retailer
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

Rapid Fundings Limited and M and M Direct Limited are both incorporated in England and Wales

### 9 Trade and other receivables

	2011 £000	2010 £000
Intra-group receivables	21,937	14,441
	<u>          </u>	<u>          </u>



## Notes (continued)

### 10 Interest bearing loans and borrowings

		Currency	Notional interest rate	Year of maturity	Carrying amount 2011 £000	Fair value 2011 £000	Carrying amount 2010 £000	Fair value 2010 £000
Parent loan	Company	£Sterling	12.7% per annum	2037	67,692	71,144	59,942	63,000

### 11 Financial instruments

#### 11 (a) Fair values of financial instruments

##### Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material

##### Interest-bearing borrowings

Fair value, which after initial recognition is determined for disclosure purposes only, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the balance sheet date

##### Fair values

The fair values for each class of financial assets and financial liabilities together with their carrying amounts shown in the balance sheet are as follows

	2011 Carrying amount £000	Fair value £000	2010 Carrying amount £000	Fair value £000
Trade and other receivables (Note 9)	21,937	21,937	14,441	14,441
Total loans and receivables	21,937	21,937	14,441	14,441
Total financial assets	21,937	21,937	14,441	14,441
Interest-bearing loans and borrowings (note 10)	(67,692)	(71,144)	(59,942)	(63,000)
Total financial liabilities measured at amortised cost	(67,692)	(71,144)	(59,942)	(63,000)
Total financial liabilities	(67,692)	(71,144)	(59,942)	(63,000)
Total financial instruments	(45,755)	(49,207)	(45,501)	(48,559)

## Notes (continued)

### 11 Financial instruments (continued)

#### 11 (b) Credit risk

##### *Financial risk management*

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities

##### *Exposure to credit risk*

The carrying amount of financial assets represents the maximum credit exposure. Therefore, the maximum exposure to credit risk at the balance sheet date was £21,937,000 (2010 £14,441,000) being the total of the carrying amount of financial assets, shown in the table above. All amounts are current.

#### 11 (c) Liquidity risk

##### *Financial risk management*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Group, of which the Company is a part, prepares monthly and annual cash flow and working capital forecasts which are then "stress tested" to ensure existing bank facilities and covenant compliance requirements are adhered to. On a weekly and monthly basis performance against these forecasts are monitored to ensure no issues arise.

## 11 Financial instruments (continued)

## 111 (c) Liquidity risk (continued)

## Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the effect of netting agreements

Carrying amount £000	2011				
	Contractual cash flows £000	1 year or less £000	1 to <2 years £000	2 to <5 years £000	5 years and over £000
Non-derivative financial liabilities					
Parent Company loan	67,692	-	-	-	71,144
	<u>71,144</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>71,144</u>

	2010				
	Contractual cash flows £000	1 year or less £000	1 to <2 years £000	2 to <5 years £000	5 years and over £000
<b>Non-derivative financial liabilities</b>					
Parent Company loan	59,942	-	-	-	63,000

## Notes (continued)

### 11 Financial instruments (continued)

#### 11 (d) Market risk

##### Financial risk management

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments

##### Company

The Company's debts carry fixed interest rates and it is not therefore materially exposed to direct interest rate risk

##### Market risk – Interest rate risk

##### Profile

The interest rate profile of the Company's interest-bearing financial instruments are disclosed in note 10

	2011 £000	2010 £000
<b>Fixed rate instruments</b>		
Financial assets	21,937	14,441
Financial liabilities	(67,692)	(59,942)
	<u>(45,755)</u>	<u>(45,501)</u>

#### 11 (e) Capital management

The Company operates as an intermediate holding Company whose principal investment is in M and M Direct Limited which is an indirect wholly owned subsidiary. The Company is ultimately majority controlled by funds managed by TA Associates, a Boston based Venture Capitalist. In due course, TA Associates will ultimately sell the Company although no timescales have been set for this divestment. As a result TA Associates does not have any immediate plans to change the capital structure of the Company.

### 12 Share capital

	2011 £000	2010 £000
<b>Authorised</b>		
3,532,086 ordinary shares at £1 each	3,532	3,532
<b>Allotted, called up and fully paid</b>		
3,457,878 ordinary shares of £1 each	3,458	3,458
74,208 ordinary (nil paid) shares	74	74
	<u>3,532</u>	<u>3,532</u>

### 13 Related parties

During the year ended 27 February 2011 the Company received £7,540,000 (2010 £6,629,000) in interest from its 12.5% preference share capital in its subsidiary undertaking and paid £7,750,000 (2010 £6,739,000) on its loan due to its parent undertaking.

**Notes** *(continued)*

**14 Parent undertaking**

The Company is a wholly owned subsidiary of M and M Holdings Sarl, an entity incorporated in Luxembourg

**15 Ultimate parent Company**

In the directors' opinion the Company's ultimate controlling party is TA Associates, incorporated in the United States of America

The largest group in which the results are consolidated is that headed by M and M Holdings Sarl, which is registered in Luxembourg

The consolidated financial statements of M and M Holdings Sarl are available to the public and may be obtained from M and M Holdings Sarl, 291 Route d'Arlon, L-1150, Luxembourg