

HUK 10 Limited

Directors' report and financial statements

for the period ended 28 December 2013

Registered number: 07530828



Company Information

Directors	Paul McGowan Andrew Pepper
Company secretary	Howard Gunn
Registered number	07530828
Registered office	7 River Court Brighthouse Business Village Brighthouse Road Middlesbrough TS2 1RT
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 30 Finsbury Square London EC2P 2YU
Bankers	Natwest Bank Plc 106 Linthorpe Road Middlesbrough TS1 2JZ
Solicitors	Wright Hassall LLP Olympus Avenue Leamington Spa Warwickshire CV34 6BF

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Directors' report

for the period ended 28 December 2013

The directors present their report and the financial statements of HUK 10 Limited ('the company') for the period ended 28 December 2013.

Principal activities

The principal activity of the company is that of financial intermediation and non-trading restructuring operations.

Directors

The directors who served during the period were:

Paul McGowan
Andrew Pepper

Dividends

During the period the directors paid a dividend of £4,114,447 (2012 - £nil).

Directors' responsibilities statement

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 judgments 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.

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.

Directors' report

for the period ended 28 December 2013

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 3 June 2014 and signed on its behalf.



Paul McGowan
Director

Independent auditor's report to the members of HUK 10 Limited
for the period ended 28 December 2013

We have audited the financial statements of HUK 10 Limited for the period ended 28 December 2013, set out on pages 5 to 11. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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, 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.

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 28 December 2013 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; 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 period for which the financial statements are prepared is consistent with the financial statements.



Independent auditor's report to the members of HUK 10 Limited
for the period ended 28 December 2013

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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Directors' report.

Grant Thornton UK LLP

William Pointon (Senior statutory auditor)

for and on behalf of
Grant Thornton UK LLP

Chartered Accountants
Statutory Auditor

London

3 June 2014

Profit and loss account

for the period ended 28 December 2013

		52 week period ended 28 December 2013 £	52 week period ended 29 December 2012 £
	Note		
Turnover	1	1,715,688	2,162,762
Administrative expenses		(940,641)	(1,724,489)
Other operating income	2	200,000	1,916,127
Other operating charges		(7,500)	(132,358)
Operating profit	3	967,547	2,222,042
Income from other fixed asset investments		4,114,447	-
Interest receivable and similar income	4	755,513	723,219
Interest payable and similar charges		(2,644)	(1,201,919)
Profit on ordinary activities before taxation		5,834,863	1,743,342
Tax on profit on ordinary activities	5	(404,936)	(839,592)
Profit for the financial period	10	5,429,927	903,750

The notes on pages 7 to 11 form part of these financial statements.

Balance sheet

as at 28 December 2013

	Note	28 December 2013 £	29 December 2012 £
Fixed assets			
Investments	6	-	4
Current assets			
Debtors	7	4,155,084	4,635,338
Cash at bank		4,361,659	6,670,265
		<u>8,516,743</u>	<u>11,305,603</u>
Creditors: amounts falling due within one year	8	<u>(6,260,389)</u>	<u>(10,364,733)</u>
Net current assets		<u>2,256,354</u>	<u>940,870</u>
Net assets		<u>2,256,354</u>	<u>940,874</u>
Capital and reserves			
Called up share capital	9	1	1
Profit and loss account	10	<u>2,256,353</u>	<u>940,873</u>
Shareholders' funds		<u>2,256,354</u>	<u>940,874</u>

The financial statements have been prepared in accordance with the provisions applicable to small companies within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 3 June 2014.



Paul McGowan
Director

The notes on pages 7 to 11 form part of these financial statements.

Notes to the financial statements
for the period ended 28 December 2013

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

1.2 Cash flow

The financial statements do not include a Cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under the Financial Reporting Standard for Smaller Entities (effective April 2008).

1.3 Turnover

Turnover comprises revenue recognised by the company in respect of non-trading restructuring services supplied during the period, exclusive of Value Added Tax.

1.4 Investments

Investments held as fixed assets are shown at cost less provision for impairment. Income receivable from investments represents dividends received from investments over the period.

1.5 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as 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 assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.6 Other operating income

Other operating income is income earned from financial intermediation.

Notes to the financial statements

for the period ended 28 December 2013

2. Other operating income

	52 week period ended 28 December 2013 £	52 week period ended 29 December 2012 £
Other operating income	200,000	1,916,127

3. Operating profit

Auditor's remuneration for the period and the preceding period was borne by Hilco Capital Limited.

During the period, no director received any emoluments (2012 - £NIL).

4. Interest receivable

	52 week period ended 28 December 2013 £	52 week period ended 29 December 2012 £
Interest receivable from group companies	354,429	723,219
Other interest receivable	401,084	-
	755,513	723,219

5. Taxation

	52 week period ended 28 December 2013 £	52 week period ended 29 December 2012 £
Analysis of tax charge in the period		
UK corporation tax charge on profit for the period	137,816	-
	137,816	-
Foreign tax on income for the period	267,120	472,679
Foreign tax adjustments in respect of prior periods	-	366,913
Tax on profit on ordinary activities	404,936	839,592

Notes to the financial statements

for the period ended 28 December 2013

6. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 30 December 2012	4
Disposals	(4)
At 28 December 2013	-
Net book value	
At 28 December 2013	-
At 29 December 2012	4

7. Debtors

	28 December 2013 £	29 December 2012 £
Amounts owed by group undertakings	554,070	2,009,440
Amounts owed by connected companies	3,170,414	1,916,908
Other debtors	430,600	708,990
	4,155,084	4,635,338

8. Creditors: Amounts falling due within one year

	28 December 2013 £	29 December 2012 £
Amounts owed to group undertakings	3,981,421	8,365,639
Corporation tax	791,544	517,680
Other creditors	1,487,424	1,481,414
	6,260,389	10,364,733

9. Share capital

	28 December 2013 £	29 December 2012 £
Allotted, called up and fully paid		
1 Ordinary share of £1	1	1

Notes to the financial statements
for the period ended 28 December 2013

10. Reserves

	Profit and loss account £
At 30 December 2012	940,873
Profit for the financial period	5,429,927
Dividends: Equity capital	(4,114,447)
	<u>2,256,353</u>
At 28 December 2013	<u>2,256,353</u>

11. Dividends

	52 week period ended 28 December 2013 £	52 week period ended 29 December 2012 £
Dividends paid on equity capital	<u>4,114,447</u>	<u>-</u>

12. Contingent liabilities

There were no contingent liabilities at 28 December 2013 or 29 December 2012.

13. Capital commitments

The company had no capital commitments at 28 December 2013 or 29 December 2012.

At the prior period end, there were letters of credit with Natwest Bank for the amounts of CAD200,000 (£124,113) and CAD300,000 (£186,693) which were supported by cash deposits held with the bank. The letters of credit were repaid during 2013.

14. Related party transactions

The company has taken advantage of the exemptions in Financial Reporting Standard 8 'Related Party Transactions' and has not disclosed transactions with wholly owned members of the group headed by Hilco Capital Limited.

During the period, the company provided a working capital facility to the following related parties which are controlled by Hilco Trading, LLC. The balances owed to the company at 28 December 2013 are:

- HMV Canada Inc - £332,689 (2012: £850,205)
- HMV Digital ULC - £1,088,301 (2012: 587,783)
- HMV Pure ULC - £1,749,424 (2012: £478,920)

Notes to the financial statements
for the period ended 28 December 2013

15. Ultimate parent undertaking and controlling party

At 28 December 2013, HUK 10 Ltd was a wholly owned subsidiary of Hilco Capital Limited, a company registered in England and Wales. Hilco Capital Limited is 72% owned by Hilco London Limited, a company registered in England and Wales.

The directors consider the ultimate parent undertaking and controlling party of the company to be Hilco Trading, LLC, a company registered in the United States of America, by virtue of its majority shareholding in Hilco London Limited.

The largest group of undertakings for which group accounts have been drawn up is that headed by Hilco Trading, LLC and the smallest such group of undertakings, including the company is that headed by Hilco London Limited.