Cath Kidston EBT Limited

Annual Report and Financial Statements

for the 52 weeks ended 25 March 2018

Registered number: 07548914

Cath Kidston EBT Limited

Contents

Cath Kidston EBT Limited

Directors' report

The Directors present their annual report together with the financial statements for the 52 weeks ended 25 March 2018.

This report has been prepared in accordance with the provisions of Part 15, s417 (I) of the Companies Act relating to small companies. No strategic report has been presented as the entity qualifies as a small company under s383 of the Companies Act and is therefore exempt.

Results and Dividends

The statement of comprehensive income is set out on page 3 and shows the result for the period.

No dividend was paid or proposed during the period (2017: £nil).

Principal Activities

The principal activity of the Company is the acquisition of shares held by former employees with monies borrowed through Cath Kidston Limited and sold back to existing employees as directed by the Directors.

Going concern

The Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found in the Statement of accounting policies in the financial statements.

Directors

The directors, who served throughout the period except as noted, were as follows:

K Abolote
W Flanz
N Harrington (resigned 7 September 2018)

Directors indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its Directors which were made during the period and remain in force at the date of this report.

Approved by the Board and signed on its behalf by:

K Abolote
Director
17 December 2018

Registered Office: Frestonia, 125 - 135 Freston Road, London, W10 6TH

Cath Kidston EBT Limited

Directors' responsibilities statement

Directors' responsibilities statement

The directors are responsible for preparing the Annual 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), 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 accounting 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 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 corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Cath Kidston EBT Limited
Statement of comprehensive income
For the 52 weeks ended 25 March 2018

	Note	2018 £000	2017 £000
Administration costs		(1)	-
Operating loss		**(1)**	-
Interest receivable and similar income	5	-	1
Interest payable and similar charges	6	(2)	(1)
Loss before tax		**(3)**	-
Tax	7	-	-
Total comprehensive loss for the period		**(3)**	-

Cath Kidston EBT Limited
Balance sheet
As at 25 March 2018

	Note	2018 £000	2017 £000
Current assets			
Investments	8	40	35
		40	35
Total assets		**40**	**35**
Current liabilities			
Trade and other payables	10	(78)	(70)
		(78)	(70)
Net current liabilities		**(38)**	**(35)**
Total liabilities		(78)	(70)
Net liabilities		**(38)**	**(35)**

	Note	2018 £000	2017 £000
Equity			
Share capital	11	-	-
Retained earnings		(38)	(35)
Total equity		**(38)**	**(35)**

The financial statements were approved by the board of directors and authorised for issue on 17 December 2018. They were signed on its behalf by:

K Abolote
Director

Registered number: 07548914

For the period ending 25 March 2018 the Company was entitled to exemption from audit under section ~~479C~~ 479a of the Companies Act 2006 relating to subsidiary companies.

The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

Cath Kidston EBT Limited
Statement of changes in equity

	£000		
	Share Capital	**Retained Earnings**	**Total Equity**
Balance at 27 March 2016	-	(35)	(35)
Profit for the period	-	-	-
Total comprehensive income for the period	-	-	-
Issue of share capital	-	-	-
Balance at 26 March 2017	**-**	**(35)**	**(35)**
Profit for the period	-	(3)	(3)
Total comprehensive income for the period	-	(3)	(3)
Buyback of deferred shares	-	-	-
Issue of share capital	-	-	-
Balance at 25 March 2018	**-**	**(38)**	**(38)**

Cath Kidston EBT Limited
Notes to the financial statements
For the 52 weeks ended 25 March 2018

1. General information

Cath Kidston EBT Limited is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Directors report on page 1.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the company operates.

2. Significant accounting policies

Basis of accounting

The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to capital management, presentation of a cash-flow statement, standards not yet effective, and related party transactions. The financial statements have been prepared on the historical cost basis as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services. The principal accounting policies adopted are set out below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement purposes in these financial statements is determined on such a basis.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

New standards and amendments

No new accounting standards or amendments to accounting standards that are effective for the year ended 25 March 2018 have had a material impact on the Company.

Going concern

During the period, the company made a loss of £3,000 (2017: £nil) and the balance sheet shows net liabilities of £38,000 (2017: net liabilities of £35,000). As the Company is part of the wider Cath Kidston Group, the Directors consider the future prospects of the Company within the context of the Group.

On 11 June 2018 the Group completed a refinancing exercise raising £40.0m of funding from equity sources. £24.3m was used to repay all of the Group's external term bank debt and £4.0m has been injected as cash into the business. The remaining £11.7m has been credit committee approved and is available to be injected into the business as and when required both for liquidity purposes and to fund future growth initiatives. The funding was satisfied by the issue of long dated loan notes in a Group company, interest thereon being rolled up and not payable in cash. The Group's only external bank debt now is a revolving credit facility (RCF) which has been increased to £15.0m and, as it is covered in full by an equity guarantee, the RCF has no financial covenants attached.

The Directors have considered the Group's cash flow forecasts, loan facilities available and support from the Group's shareholders, and have concluded that there will be sufficient resources available to meet the Group's liabilities as they fall due 12 months from the date of signing. As a result, the financial statements of the Company have been prepared on a going concern basis.

2. Significant accounting policies (continued)

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial Assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

2. Significant accounting policies (continued)

Financial instruments (continued)

Financial assets are classified as 'available for sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Available for sale (AFS) financial assets

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

Listed shares and listed redeemable notes held by the Company that are traded in an active market are classified as being AFS and are stated at fair value. The Company also has investments in unlisted shares that are not traded in an active market but that are classified as AFS financial assets and stated at fair value (because the directors consider that fair value can be reliably measured). Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve with the exception of impairment losses which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is reclassified to profit or loss.

Dividends on AFS equity instruments are recognised in profit or loss when the Company's right to receive the dividends is established.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

2. Significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Financial liabilities

Financial liabilities are classified as 'other financial liabilities'.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

3. Critical accounting judgements and key sources of estimation uncertainty

There are no critical judgements that the directors have made in the process of applying the Company's accounting policies and that have a significant effect on the amounts recognised in financial statements.

4. Staff costs

There are no employees in the company other than the executive directors (2017: nil). Directors' remuneration is borne by Cath Kidston Group Limited.

5. Interest receivable and similar income

	2018 £000	2017 £000
Interest income:		
Interest receivable on loans to related parties	-	1
	-	1

6. Interest payable and similar charges

	2018 £000	2017 £000
Interest payable:		
Interest payable on loans from related parties	(2)	(1)
	(2)	**(1)**

7. Tax

	2018 £000	2017 £000
Corporation tax:		
Current year	-	-
Adjustments in respect of prior years	-	-
	-	-

Corporation tax is calculated at 19 per cent (2017: 20 per cent) of the estimated taxable profit for the year.

The charge for the year can be reconciled to the profit in the profit and loss account as follows:

	2018 £000	2017 £000
Profit before tax	-	-
Tax at the UK corporation tax rate of 19% (2017: 20%)	-	-
Tax expense for the year	-	-

No amounts relating to tax have been recognised in other comprehensive income.

8. Investments

	2018 £000	2017 £000
Shares held at cost	40	35
	40	**35**

Investments, consisting of shares held at cost, relate to securities purchased from leavers of the Group.

Cath Kidston EBT Limited
Notes to the financial statements (continued)
For the 52 weeks ended 25 March 2018

9. Trade and other receivables

	2018 £000	2017 £000
Amounts owed by Group undertakings	-	-
	-	-

Interest on group loans accrues at base rate plus 2.0% per annum.

All trade and other receivables are due within one year and are payable on demand.

10. Trade and other payables

	2018 £000	2017 £000
Trade creditors and accruals	(1)	(1)
Amounts owed to Group undertakings	(77)	(69)
	(78)	(70)

Interest on group loans accrues at base rate plus 2.0% per annum.

All trade and other payables are due within one year and are payable on demand.

11. Share capital

	2018 Number	2018 £000	2017 Number	2017 £000
Ordinary shares of £1 each	1	-	1	-

The Company has one class of ordinary shares which carry no right to fixed income.

12. Events after the balance sheet date

On 11 June 2018 the Group completed a refinancing exercise raising £40.0m of funding from equity sources. £24.3m was used to repay all of the Group's external term bank debt and £4.0m has been injected as cash into the business. The remaining £11.7m has been credit committee approved and is available to be injected into the business.

13. Related party transactions

The company has taken advantage of the exemption allowed under FRS 101 "Reduced Disclosure Framework" not to disclose any transactions with wholly owned entities that are included in the consolidated financial statements of Cath Kidston Group Limited. There were no other related party transactions.

14. Controlling party

In the opinion of the Directors, the Company's ultimate parent Company is Cath Kidston Group Limited and ultimate controlling party is Barings Private Equity Asia V Holding (18) Limited, incorporated in Hong Kong. The parent undertaking of the largest and smallest group, which includes the Company and for which group accounts are prepared, is Cath Kidston Group Limited, a Company incorporated in Great Britain. Copies of the group financial statements of Cath Kidston Group Limited are available from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.