

# **CK Acquisitions Limited**

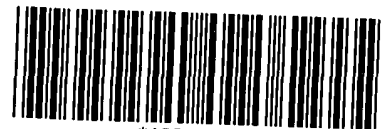
Report and Financial Statements

Period Ended

28 March 2021

Company Number 12528955

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# **CK Acquisitions Limited**

## **Report and financial statements for the period ended 28 March 2021**

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### **Directors**

Martha Wikstrom  
Melinda Paraie  
Selim Baraz

### **Secretary and registered office**

84 Grosvenor Street, London, England, W1K 3JZ

### **Company number**

12528955

### **Auditors**

BDO LLP, 55 Baker Street, London, W1U 7EU

# CK Acquisitions Limited

## Strategic report for the period ended 28 March 2021

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### Strategic report

#### Introduction

The principal activity of CK Acquisitions Limited is to design and sell women's and children's lifestyle, clothing and home furnishing items. The British lifestyle brand taps into a playful, nostalgic feeling through its distinctive print narrative and meaningful products and delivers on its mission to inspire customers with everyday joy. We are a digital first, brand led company with global growth reach and relevance.

The company purchased certain trade and assets of Cath Kidston Limited through a pre-pack administration process. For accounting purposes, this transaction has been treated as a capital reorganisation, whereby the assets and liabilities would be recorded equal to their previous carrying values without fair value uplift.

The company operates across four main segments:

1. A global direct to consumer e-commerce business
2. Third party partners comprised of franchise partners, primarily in Asia and Middle East, and wholesale partners, primarily in the UK and Europe
3. A small network of company owned stores in the UK
4. Licensing its prints

The company was incorporated on March 20, 2020.

#### Key Performance Indicators

The company uses a set of financial KPIs to manage performance. These KPI's include sales, gross profit, channel and category performance, stock levels, customer metrics and cash flow. These KPIs are reported on a weekly basis and compared to annual plan and monthly forecasts.

#### Business Review

In the period from March 20, 2020 to March 28, 2021, the company achieved sales of £31.4m and EBITDA pre-exceptionals of £58,917 (defined as earnings before interest, tax, depreciation, amortisation and exceptionals). The business made a loss of after tax of £1m.

The performance of different segments is as follows:

1. Online business achieved sales of £22.1m as the business successfully capitalised on the trend towards online shopping. This was further supported with specific focus on categories such as home and women's casual clothing during periods of lockdown in the UK.
2. Sales to third party partners totalled £5.7m. Most of our partners were affected by various global lockdowns on their store sales, which has in turn adversely impacted our sales to them. The business has seen a recovery in sales to third party partners starting in the final quarter of the period.
3. Sales in company owned stores were £2.5m despite being closed for a significant portion of the period due to lockdown. During the reporting period, the Company operated four outlet stores in UK. A new flagship store was opened in Piccadilly, London in November, but the store was shut shortly after due to lockdown restrictions.

As at March 28, 2021, the company had net cash of £2.4m (cash less short-term bank loans) and inventories of £5.9m. The company has access to a £5m revolving credit facility with Sellers Funding until February 2023. £2.5m of this facility is covenant free, with the remaining £2.5m facility subject to covenants.

# **CK Acquisitions Limited**

## **Strategic report for the period ended 28 March 2021 (continued)**

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### **Strategic review (continued)**

During the period the business achieved the following key highlights:

1. The Cath Kidston brand continues to appeal to loyal and new customers, with 46% of online ecommerce orders driven by new customers.
2. Opened Flagship location in Piccadilly.
3. New franchise distribution commenced in the Middle East, and franchise partnerships in Hong Kong, Thailand, and other key Asia markets were renewed post acquisition.
4. All License partnerships were renewed post acquisition.
5. Three collaborations (Snoopy, Mr. Men and Peter Rabbit) were launched globally.

As of 28 March 2021, Cath Kidston had five owned and operated stores in the UK, and 49 stores internationally, operated through franchise and wholesale partners.

### **Future Growth Strategy**

The business is focused on driving multi-channel growth and increasing profitability by:

1. Designing unique prints and selling desirable products that inspire everyday optimism
2. Creating impactful collaborations that attract new customer groups
3. Increase customer loyalty and repeat purchase through CRM initiatives
4. Improving and optimizing online user experience toward easier buying and gifting options
5. Growing our existing strategic franchise and wholesale partnerships and adding new key accounts
6. Moving into new categories through licensing

### **Risks and Uncertainties**

1. As a design led company, Cath Kidston invests time and resources in developing new products. Although each product goes through many checks before being commercialised, we cannot always be certain of their success. However, with hundreds of products designed every period, occasional product failures should be mitigated by many successes.
2. Further lockdown may impact our and our partners' sales. While the business has limited exposure to store sales, many of our partners have significant retail footprints and may see their sales deteriorate.
3. A predominant portion of the business's sales are in British Sterling while product purchases are mostly in US Dollars. A significant depreciation of British Sterling against the US Dollar would adversely impact gross margins.
4. The business procures many of its products from Asia. Any disruption to global supply chains may result in increased costs or lost sales due to product unavailability.
5. Impact of inflationary pressures on consumer spending may result in company not achieving its sales targets.

# CK Acquisitions Limited

## Strategic report for the period ended 28 March 2021 (continued)

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### Risk Management

The business periodically reviews risks facing the company and formulates mitigation actions. The company's external loans are at fixed interest rate and the company does not hedge its foreign currency exposures.

### Going Concern

As part of their assessment of the Company's ability to continue as a going concern the Board have reviewed cash flow forecasts covering a period of twelve months from the date of approval of these financial statements. The Board has taken a rigorous review of the financial forecasts and considered a base case forecast and a downside scenario to test the resilience of the company's liquidity.

As part of the going concern assessment the terms of the shareholder loan notes were extended from three to four years now expiring in April 2024, however the initial review indicated that further working capital financing was required to support the Board's going concern assessment.

On 27 June 2022, CK Acquisitions Limited was purchased by HUK 113 Limited, a UK registered company. HUK 113 Limited purchased 100% of the 8,900,110 shares. As part of the acquisition, a 3 year £10m working capital facility agreement with HUK 113 Limited was put in place. In addition to the working capital facility agreement with HUK 113 Limited, the company has its existing committed funding facility with Sellers funding, which expires in February 2023 of which £2.5m is available covenant-free. In the event the Sellers funding is not refinanced a further £2.5m is available under the HUK 113 Limited working capital facility agreement.

The forecasts indicate that further to the revision to the shareholder loan note terms and the additional funding received, the Company will have sufficient liquidity to meet its liabilities as they fall due throughout the going concern assessment period. As a result, the financial statements of the company have been prepared on a going concern basis.

### Approval

This Strategic Report was approved by order of the Board on 23 August 2022.



Melinda Parake  
Director

# CK Acquisitions Limited

## Directors' report for the period ended 28 March 2021

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### Directors

The directors of the company throughout the period and to the date of this report were:

Selim Baraz	(appointed on 6 May 2020)
Kosmas Kalliarekos	(appointed on 6 May 2020, resigned on 28 June 2022)
Melinda Paraie	(appointed on 6 May 2020)
Martha Wikstrom	(appointed on 6 May 2020)
Shuting You	(appointed on 6 May 2020, resigned on 28 June 2022)
Ezekiel Arlin	(appointed on 20 March 2020, resigned on 7 December 2020)
Kirti Hariharan	(appointed on 20 March 2020, resigned on 7 December 2020)

### Post balance sheet events

On the 22 February 2022 the repayment terms of the company's shareholder loan notes were extended from three to four years (April 2024).

On 30 June 2022, CK Acquisitions Limited was purchased by HUK 113 Limited, a UK registered company. HUK 113 Limited purchased 100% of the 8,900,110 shares, and is the immediate and ultimate parent company of CK Acquisitions Limited. As part of the transaction a working capital facility of £10m with a further £2.5m available in the event that the Company's existing working capital facility is not re-financed.

### Auditors

All of the directors as at the date of this report have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the company's auditor is unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

### Approval

This Directors' Report was approved by order of the Board on 23 August 2022.



Melinda Paraie  
Director

# **CK Acquisitions Limited**

## **Directors' responsibilities statement**

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The directors are responsible for preparing the strategic report, 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 period. 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;
- 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.

# CK Acquisitions Limited

## Independent auditor's report

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CK ACQUISITIONS LIMITED

#### Opinion on the 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 March 2021 and of its loss for the period 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.

We have audited the financial statements of CK Acquisitions Limited ("the Company") for the period ended 28 March 2021 which comprise the Income statement, the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity, the Statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue. Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

#### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.



## **CK Acquisitions Limited**

### **Independent auditor's report (continued)**

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#### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CK ACQUISITIONS LIMITED**

##### **Other Companies Act 2006 reporting**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

##### **Responsibilities of Directors**

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, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

##### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

##### ***Extent to which the audit was capable of detecting irregularities, including fraud***

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

# CK Acquisitions Limited

## Independent auditor's report (continued)

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CK ACQUISITONS LIMITED

#### Auditor's responsibilities for the audit of the financial statements (continued)

##### *Extent to which the audit was capable of detecting irregularities, including fraud (continued)*

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, we considered the following:

- based on our understanding and knowledge of the Company and the industry in which it operates we considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with Companies Act 2006, employment law, tax legislation and FRS102;
- the results of our enquiries of management about their own identification of the risk of irregularities;
- any matters we identified through the review of the Company's policies, procedures and internal controls; and
- the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

Our procedures included, but were not limited to:

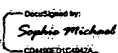
- identifying and testing journal entries considered to be non-routine or unusual, in particular journal entries posted to revenue, duplicate entries and material journals.
- testing a sample of revenue recognised either side of the period end to ensure revenue has been recognised in the correct period.
- challenging assumptions and judgements made by management in relation to their accounting judgements and estimates, in particular in relation to valuation of inventory and the determination of whether constructive obligations existed at the time of the acquisition, and with respect to other key assumptions applied as part of the accounting for the acquisition.
- discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### Use of our report

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.

Designed by:  
  
COMPRESS/COBOL

Sophia Michael

(Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

London

Date 24 August 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# CK Acquisitions Limited

## Income statement for the period ended 28 March 2021

	Note	2021 £
<b>Turnover</b>	3	31,398,708
Cost of sales		(12,807,391)
<b>Gross profit</b>		18,591,317
Distribution costs		(5,439,216)
Administrative expenses		(13,518,781)
Administrative expenses - exceptional	5	(1,419,399)
Total administrative expenses		(14,938,180)
Other operating income	4	180,178
Other operating income - exceptional	5	1,387,377
Total other operating income		1,567,555
<b>Operating loss</b>	4	(218,524)
Interest receivable and similar income		232
Interest payable and similar charges	8	(671,005)
<b>Loss before taxation</b>		(889,297)
Taxation on loss	9	(105,920)
<b>Loss for the financial period</b>		(995,217)

The notes on pages 14 to 28 form part of these financial statements.

# CK Acquisitions Limited

## Statement of comprehensive income for the period ended 28 March 2021

	2021 £
<b>Loss for the financial period</b>	<b>(995,217)</b>
<b>Total comprehensive loss for period</b>	<b>(995,217)</b>
<b>Loss for the financial period attributable to:</b>	
Owners of the parent company	(995,217)
	<b>(995,217)</b>
<b>Total comprehensive loss attributable to:</b>	
Owners of the parent company	(995,217)
	<b>(995,217)</b>

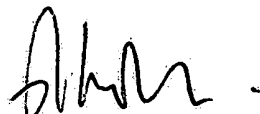
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# CK Acquisitions Limited

## Balance sheet at 28 March 2021

<b>Company number 12528955</b>	<b>Note</b>	<b>2021 £</b>	<b>2021 £</b>
<b>Fixed assets</b>			
Tangible assets	10		366,027
Intangible assets	11		1,340,984
			<hr/>
			1,707,011
<b>Current assets</b>			
Stocks	12	5,930,685	
Debtors	13	5,684,299	
Cash at bank and in hand		4,899,068	
		<hr/>	
		16,514,052	
<b>Creditors: amounts falling due within one period</b>	14	(7,194,135)	
		<hr/>	
<b>Net current assets</b>			9,319,917
			<hr/>
<b>Total assets less current liabilities</b>			11,026,928
<b>Creditors: amounts falling due after more than one period</b>	15		(15,021,170)
<b>Provision for liabilities</b>	16		(31,259)
			<hr/>
<b>Net liabilities</b>			(4,025,501)
			<hr/>
<b>Capital and reserves</b>			
Called up share capital	19		8,900,110
Share premium account			17,990
Merger reserve	5		(13,674,874)
Capital contribution reserve			1,726,490
Profit and loss account			(995,217)
			<hr/>
			(4,025,501)
			<hr/>

The financial statements were approved by the Board of Directors and authorised for issue on 23 August 2022.



Selim Baraz  
Director

The notes on pages 14 to 28 form part of these financial statements.

# CK Acquisitions Limited

## Statement of changes in equity for the period ended 28 March 2021

	Share capital £	Share premium £	Merger Reserve (Note 5) £	Capital Contribution Reserve £	Profit and loss account £	Total equity £
<b>20 April 2020</b>	<b>100</b>	-	-	-	-	<b>100</b>
<b>On acquisition</b>	-	-	(13,674,874)	-	-	(13,674,874)
<b>Loss for the period</b>	-	-	-	-	(995,217)	(995,217)
<b>Other comprehensive loss for the period</b>	-	-	-	-	-	-
<b>Total comprehensive loss for the period</b>	-	-	(13,674,874)	-	(995,217)	(14,670,091)
<b>Contributions by and distributions to owners</b>						
Shares issued	8,900,010	17,990	-	-	-	8,918,000
Shareholder loan interest adjustment	-	-	-	1,726,490	-	1,726,490
<b>Total contributions by and distributions to owners</b>	<b>8,900,010</b>	<b>17,990</b>	<b>-</b>	<b>1,726,490</b>	<b>-</b>	<b>10,644,490</b>
<b>28 March 2021</b>	<b>8,900,110</b>	<b>17,990</b>	<b>(13,674,874)</b>	<b>1,726,490</b>	<b>(995,217)</b>	<b>(4,025,501)</b>

The notes on pages 14 to 28 form part of these financial statements.

# CK Acquisitions Limited

## Statement of cash flows for the period ended 28 March 2021

	Note	2021 £
<b>Cash flows from operating activities</b>		
<b>Loss for the financial period</b>		<b>(995,217)</b>
Adjustments for:		
Depreciation, and amortisation of fixed assets	10,11	245,420
Net interest payable	8	670,773
Taxation expense	9	105,920
Increase in trade and other debtors		(5,684,299)
Decrease in stocks		2,409,076
Decrease in trade and other creditors		(973,651)
<b>Cash from operations</b>		<b>(4,221,978)</b>
Interest paid		(17,170)
<b>Net cash used in operating activities</b>		<b>(4,239,148)</b>
<b>Cash flows from investing activities</b>		
Purchases of tangible fixed assets	10	(397,639)
Purchases of intangible assets	11	(176,302)
Interest received		232
<b>Net cash used in investing activities</b>		<b>(573,709)</b>
<b>Cash flows from financing activities</b>		
New bank loan drawdown	15	2,500,000
New shareholder loans		7,193,825
Proceeds from issue of share capital	19	18,000
Proceeds from issue of ordinary share capital	19	100
<b>Net cash from financing activities</b>		<b>9,711,925</b>
<b>Net increase in cash and cash equivalents</b>		
Cash and cash equivalents at beginning of period		-
Foreign exchange gains and losses on cash and cash equivalents		-
<b>Cash and cash equivalents at end of period</b>		<b>4,899,068</b>
<b>Cash and cash equivalents comprise:</b>		
Cash at bank and in hand		4,899,068
		<b>4,899,068</b>

The notes on pages 14 to 28 form part of these financial statements.

The notes on pages 14 to 25 form part of these financial statements.

			880'000
Cash at bank and in hand			880'000
Cash and cash equivalents compared:			
Cash and cash equivalents at end of period			880'000
Foreign exchange gains and losses on cash and cash equivalents			-
Cash and cash equivalents at beginning of period			-
Net increase in cash and cash equivalents			
Net cash from financing activities			1'111'852
Proceeds from issue of ordinary share capital	18		100
Proceeds from issue of share capital	18		18'000
New shareholder loans			1'183'852
New bank loan drawdown	12		5'200'000
Cash flows from financing activities			
Net cash used in investing activities			(213'102)
Interest received			335
Disposals of intangible assets	11		(110'305)
Disposals of tangible fixed assets	10		(1'000'000)
Cash flows from investing activities			
Net cash used in operating activities			(81'332'148)
Interest paid			(11'110)
Cash from operations			(81'332'148)
Decrease in trade and other creditors			(1'111'852)
Decrease in stocks			370'000
Increase in trade and other debtors			(2'000'000)
Taxation expense	5		102'000
Net interest payable	8		110'000
Depreciation and amortisation of fixed assets	10		554'450
Adjustments for:			
Loss for the financial period			(111'332)
Cash flows from operating activities			
	Note		1501

for the period ended 30 March 2021  
Statement of cash flows

CK Acquisitions Limited



# CK Acquisitions Limited

## Notes forming part of the financial statements for the period ended 28 March 2021

### 1 Accounting policies

CK Acquisitions Limited is a private company limited by shares, incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the company's operations and its principal activities are set out in the strategic report. The financial statements have been prepared in accordance with FRS 102 the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. Details of the significant judgements and estimates are provided in note 2.

The following principal accounting policies have been applied:

#### *Revenue*

Revenue from the sales of goods is recognised when the Company has transferred the significant risks and rewards of ownership to the buyer and it is probable that the Company will receive the previously agreed upon payment. These criteria are considered to be met when the goods are delivered to the buyer. Where the buyer has a right of return, the Company defers recognition of revenue until the right to return has lapsed. However, where high volumes of sales are made to established wholesale customers, revenue is recognised in the period where the goods are delivered less an appropriate provision for returns based on past experience.

Revenue for royalty income in relation to the licence of trade marks is recognised only when the performance obligation to which the sales-based royalty has been allocated has been satisfied.

#### *Government grants*

Grants are accounted for under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the profit and loss account at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in "other income" within profit or loss in the same period as the related expenditure. This includes the Government Coronavirus Job Retention Scheme ('Furlough'). The company has not directly benefited from any other forms of government assistance.

#### *Intangible assets*

Intangible fixed assets are initially recognised at cost. Subsequently intangible fixed assets are stated at cost net of amortisation and any provision for impairment. Amortisation is provided on a straight line basis to write off the cost of the Intangible fixed assets over their useful lives. The carrying value of intangible fixed assets is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable. Amortisation charge is included in administrative expenses.

The estimated useful lives are as follows:

Trademarks – 10 periods  
Design rights – 1 period

#### *Website development costs*

Where company companies' websites are expected to generate future revenues in excess of the costs of developing those websites and all other capitalisation criteria are met, expenditure on the functionality of the website is capitalised and treated as an intangible fixed asset and amortised over 3 periods. Expenditure incurred on maintaining websites and expenditure incurred on developing websites used only for advertising and promotional purposes are written off as incurred. Development costs that are capitalised in accordance with the requirements of FRS 102 are not treated, for dividend purposes, as a realised loss.

# CK Acquisitions Limited

## Notes forming part of the financial statements for the period ended 28 March 2021 (*continued*)

### 1 Accounting policies (*continued*)

#### *Tangible fixed assets*

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

#### *Depreciation*

Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Leasehold land and buildings	-	The term of the lease
Fixtures, fittings, tools and equipment	-	4 Periods
Computer equipment	-	3 Periods

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income or losses' in the statement of comprehensive income.

#### *Impairment of fixed assets*

Fixed assets are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs).

#### *Foreign currency translation*

##### *(a) Functional and presentation currency*

Items included in the financial statements of each of the company's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in 'sterling', which is the company's functional and the company's presentation currency.

##### *(b) Transactions and balances*

Foreign currency transactions are translated into the company entity's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income or expense'.

# CK Acquisitions Limited

## Notes forming part of the financial statements for the period ended 28 March 2021 (continued)

### 1 Accounting policies (continued)

#### *Finance costs*

Finance costs are charged to profit or loss over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

#### *Financial assets*

Financial assets, other than investments and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost, less any impairment.

#### *Financial liabilities and equity*

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities, excluding convertible debt and derivatives, are initially measured at transaction price (after deducting transaction costs) and subsequently held at amortised cost.

Shareholder loans with non-market terms are held on the statement of financial position at their fair value with the difference between book and fair value being taken to reserves. A market rate of interest is imputed and charged over the life of the loan.

#### *Current and deferred taxation*

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a charge attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company's subsidiaries operate and generate taxable income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the company can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred income tax is determined based on the rates expected to apply at the date of reversal, using tax rates and laws that have been enacted or substantively enacted by the reporting date.

# CK Acquisitions Limited

## Notes forming part of the financial statements for the period ended 28 March 2021 (*continued*)

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### 1 Accounting policies (*continued*)

#### *Pension costs*

Contributions to the company's defined contribution pension scheme are charged to profit or loss in the period in which they become payable.

#### *Holiday pay accrual*

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

#### *Leased assets: Lessee*

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to profit or loss over the shorter of estimated useful economic life and the term of the lease.

Finance lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit or loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to profit or loss on a straight-line basis over the term of the lease.

Where the Company has a legal obligation, a dilapidations provision is created on inception of a lease. These provisions are a best estimate of the cost required to return leased properties to their original condition upon termination of the lease. Where the obligation arises from 'wear and tear', the provision is accrued and expensed in profit or loss as the 'wear and tear' occurs.

#### *Stocks*

Stocks are stated at the lower of cost and net realisable value being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

#### *Reserves*

The Company's reserves are as follows:

- Called up share capital reserve represents the nominal value of the shares issued.
- The share premium account includes the premium on issue of equity shares, net of any issue costs.
- Merger reserve arose on a capital reorganisation at the start of the period that was accounted for as a group reorganisation in accordance with FRS102.
- Capital contribution reserve arose from shareholders in the form of a low interest shareholder loan.
- Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

# CK Acquisitions Limited

## Notes forming part of the financial statements for the period ended 28 March 2021 (continued)

### 1 Accounting policies (continued)

#### *Going concern*

As part of their assessment of the Company's ability to continue as a going concern the Board have reviewed cash flow forecasts covering a period of twelve months from the date of approval of these financial statements. The Board has taken a rigorous review of the financial forecasts and considered a base case forecast and a downside scenario to test the resilience of the company's liquidity.

As part of the going concern assessment the terms of the shareholder loan notes were extended from three to four years now expiring in April 2024, however the initial review indicated that further working capital financing was required to support the Board's going concern assessment.

On 27 June 2022, CK Acquisitions Limited was purchased by HUK 113 Limited, a UK registered company. HUK 113 Limited purchased 100% of the 8,900,110 shares. As part of the acquisition, a 3 year £10m working capital facility agreement with HUK 113 Limited was put in place. In addition to the working capital facility agreement with HUK 113 Limited, the company has its existing committed funding facility with Sellers funding, which expires in February 2023 of which £2.5m is available covenant-free. In the event the Sellers funding is not refinanced a further £2.5m is available under the HUK 113 Limited working capital facility agreement.

The forecasts indicate that further to the revision to the shareholder loan note terms and the additional funding received, the Company will have sufficient liquidity to meet its liabilities as they fall due throughout the going concern assessment period. As a result, the financial statements of the company have been prepared on a going concern basis.

#### *Acquisition of trade and assets*

On 20 April 2020 CK Acquisitions Limited, a newly incorporated subsidiary of Baring Private Equity Asia V Holding (18) Limited, acquired certain trade and assets of Cath Kidston Limited through a pre-pack administration. The transaction was in substance a debt for equity swap, with the assets transferred to a new shell entity.

There is limited guidance on how to account for these types of transactions under FRS 102. However, it was considered most appropriate for CK Acquisitions Limited to account for the transaction as a group reorganisation of an existing group that has not changed the substance of the reporting entity, whereby the assets and liabilities would be recorded equal to their previous carrying values without fair value uplift.

No new goodwill is recorded. Any difference between the cost of the transaction and the carrying value of the net assets is recorded in equity under the 'merger reserve'.

### 2 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- Assessment of a market rate interest rate applicable to the shareholder loan. The shareholder loan carries an interest charge of 1%, this was not considered to be a market rate and therefore a fair value exercise was undertaken applying a 5% market rate to the finance. Management considered a rate of 5% appropriate in the context of the business' current funding structure and the size and scale of the shareholder loan.
- Determine whether there are indicators of impairment of the company's tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.
- Determine whether there are indicators of impairment of the company's closing stock. Factors taken into consideration in reaching such a decision include the expected future selling price of stock in comparison to the cost value of the stock.
- Determine whether payments made to former creditors and employees in relation to the group reconstruction (note 5) required recognition on the opening balance sheet on acquisition. Factors taken

into consideration in reaching such a decision include determining whether a constructive obligation existed at the opening balance sheet date.

## CK Acquisitions Limited

**Notes forming part of the financial statements  
for the period ended 28 March 2021 (continued)**

### 3 Analysis of turnover

	2021 £
Analysis by class of business:	
Ecommerce	22,109,725
Retail	2,462,226
Third party	5,653,138
Royalty income	1,173,619
	<hr/> 31,398,708 <hr/>
Analysis of turnover by country of destination:	
United Kingdom	25,872,892
Rest of Europe	1,001,170
Rest of the world	4,524,646
	<hr/> 31,398,708 <hr/>

### 4 Operating loss

	2021 £
This is arrived at after charging/(crediting):	
Exceptional other income following capital reorganisation (note 5)	(1,387,377)
Exceptional Reorganisation costs following capital reorganisation (note 5)	1,419,399
Inventory provision	271,369
Depreciation of tangible fixed assets	31,613
Amortisation of intangible assets	213,807
Operating lease expense	419,018
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	123,000
Fees payable to the company's auditor and its associates for other services to the company:	
- Other services	36,500
- Taxation compliance services	9,500
Exchange differences	(62,414)
Defined contribution pension cost	168,017
	<hr/>

Other Operating income during the period of £180,178 relates to government furlough income received.

# CK Acquisitions Limited

Notes forming part of the financial statements  
for the period ended 28 March 2021 (continued)

## 5 Group reconstruction

On 20 April 2020, the company acquired certain trade and assets of Cath Kidston Limited from its administrators through a pre-pack administration. The acquisition has been treated under FRS 102 as a group reconstruction, whereby the assets and liabilities would be recorded equal to their previous carrying values without fair value uplift. Management have concluded that the following assets acquired should be recognised as part of the acquisition:

	Book value £	Accounting adjustments £	At 20 April 2020 £
<b>Fixed assets</b>			
Intangible assets	1,378,489	-	1,378,489
<b>Current assets</b>			
Stocks	12,054,881	(3,715,120)	8,339,761
Intercompany receivable	39,402,184	(39,402,184)	-
<b>Creditors: amounts falling due within one period</b>	-	(5,593,124)	(5,593,124)
<b>Net assets acquired</b>	<b>52,835,554</b>	<b>(48,710,428)</b>	<b>4,125,126</b>
<b>Total purchase consideration</b>			
Shareholder loans			(8,900,000)
Shareholder equity			(8,900,000)
<b>Merger reserve</b>			<b>(13,674,874)</b>

As part of the transaction shareholder loans and shareholder equity totalling £17,800,000 were issued to CK Acquisitions Limited and the consideration 'paid' via a notional cash settlement. No cash consideration was actually paid as the shareholder which funded the purchase was also entitled to the proceeds as the sole secured lender of Cath Kidston Limited.

The following adjustments were made as part of the reorganisation:

- An impairment in respect of certain of the acquired finished goods stocks.
- An impairment against amounts receivable from Cath Kidston Japan Inc.
- Recognition of a liability in respect of payments made to former suppliers as it was concluded a constructive obligation had been created as part of the transaction in relation to payments to Cath Kidston Limited's former creditors (£4,602k). In addition, a liability was recognised in respect of £991k of salary payments payable to staff members in the period prior to acquisition where there was considered to be a constructive obligation created as part of the transaction.
- The balance being recognised as a merger reserve in line with FRS102 requirements of capital reorganisations.

The exceptional reorganisation costs of £1,419,399 relate to its integration within the company and comprises the following:

	£
Employee transitional team and redundancy costs	804,447
Legal and professional fees	539,639
Other	75,313
<b>Total</b>	<b>1,419,399</b>

# CK Acquisitions Limited

Notes forming part of the financial statements  
for the period ended 28 March 2021 (continued)

## 5 Group reconstruction (continued)

The exceptional reorganisation costs have been charged to operating profit and included in administrative expenses in the statement of comprehensive income.

Exceptional other income relates to £1,132,430 recovered as part of the administration of Cath Kidston Japan Inc. and £254,947 where commission was received for the collection of trade receivable balances on behalf of Cath Kidston Limited. Amounts have been recognised within operating profit in the statement of comprehensive income.

## 6 Employees

	2021 £
Staff costs consist of:	
Wages and salaries	5,714,639
Social security costs	19,973
Cost of defined contribution scheme	168,017
	<hr/>
	5,902,629
	<hr/>

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

	2021 Number
Ecommerce	24
Retail	54
Third party	6
Administration	54
	<hr/>
	138
	<hr/>

## 7 Directors' remuneration

	2021 £
Directors' emoluments	891,456
	<hr/>

There were no directors in the company's defined contribution pension scheme.

Emoluments of the highest paid director were £410,640. Company pension contributions of £0 were made to a pension scheme on their behalf.



# CK Acquisitions Limited

Notes forming part of the financial statements  
for the period ended 28 March 2021 (*continued*)

## 8 Interest payable and similar charges

	2021 £
Bank loans	17,170
Shareholder loans	653,835
	<hr/>

Interest on shareholder loan notes from Barings Private Equity Asia V Holding (18) Limited to the Company includes £507,296 of interest recognised under FRS102 fair value requirements.

Interest on loan notes issued by Barings Private Equity Asia V Holding (18) Limited to the Company, accrue interest at 1% per annum.

## 9 Taxation on loss

	2021 £
<i>UK corporation tax</i>	
Current tax on loss of the period	74,661
	<hr/>
Total current tax	74,661
<i>Deferred tax</i>	
Origination and reversal of timing differences	31,259
	<hr/>
Taxation on loss	105,920
	<hr/>

The tax assessed for the period is lower than the standard rate of corporation tax in the UK applied to loss before tax. The differences are explained below:

	2021 £
Loss before tax	(889,297)
	<hr/>
Loss on ordinary activities at the standard rate of corporation tax in the UK of 19%	(168,966)
Effects of:	
Expenses not deductible for tax purposes	274,570
Fixed Asset differences	316
Unexplained differences	-
	<hr/>
Total tax charge for period	105,920
	<hr/>

# CK Acquisitions Limited

## Notes forming part of the financial statements for the period ended 28 March 2021 (continued)

### 9 Tax on loss (continued)

The substantively enacted tax rate remained at 19% as at the Balance Sheet date of 28 March 2021. It was announced on 3 March 2021 that the main rate of UK corporation tax will increase from 19% to 25% from 1 April 2023. For profits up to £50,000, the corporation tax rate will remain at 19% and for profits over £250,000, the corporation tax rate will be 25%. Marginal relief provisions will also be introduced for profits between the lower and upper limits. The Government included the above changes in the Finance Bill 2021 that had its third reading on 24 May 2021 and is now considered substantively enacted.

For further information on deferred tax balances see note 18.

### 10 Tangible fixed assets

	Land and buildings £	Fixtures, fittings, tools and equipment £	Computer equipment £	Total £
<i>Cost or valuation</i>				
At 20 March 2020	-	-	-	-
Additions	17,892	118,795	260,952	397,639
	<u>17,892</u>	<u>118,795</u>	<u>260,952</u>	<u>397,639</u>
At 28 March 2021	<u>17,892</u>	<u>118,795</u>	<u>260,952</u>	<u>397,639</u>
<i>Depreciation</i>				
At 20 March 2020	-	-	-	-
Provision for period	1,235	8,200	22,177	31,612
	<u>1,235</u>	<u>8,200</u>	<u>22,177</u>	<u>31,612</u>
At 28 March 2021	<u>1,235</u>	<u>8,200</u>	<u>22,177</u>	<u>31,612</u>
<i>Net book value</i>				
At 20 March 2020	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 28 March 2021	<u>16,657</u>	<u>110,595</u>	<u>238,775</u>	<u>366,027</u>

The net book value of land and buildings may be further analysed as follows:

	2021 £
Short leasehold	16,657

### Finance leases

The company had no assets held under such leases at either period end.

# CK Acquisitions Limited

Notes forming part of the financial statements  
for the period ended 28 March 2021 (*continued*)

## 11 Intangible fixed assets

	Trademarks £	Design rights £	Total £
<i>Cost or valuation</i>			
At 20 March 2020	-	-	-
Additions – note 5	1,213,119	165,370	1,378,489
Additions	176,302	-	176,302
	<hr/>	<hr/>	<hr/>
At 28 March 2021	<b>1,389,421</b>	<b>165,370</b>	<b>1,554,791</b>
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At 20 March 2020	-	-	-
Provision for period	(176,888)	(36,919)	(213,807)
	<hr/>	<hr/>	<hr/>
At 28 March 2021	<b>(176,888)</b>	<b>(36,919)</b>	<b>(213,807)</b>
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 20 March 2020	-	-	-
	<hr/>	<hr/>	<hr/>
At 28 March 2021	<b>1,212,533</b>	<b>128,451</b>	<b>1,340,984</b>
	<hr/>	<hr/>	<hr/>

Included within intangible assets additions are £1,378,489 of intangible assets acquired as part of the capital reorganisation. See note 5 for further disclosures.

## 12 Stocks

	2021 £
Finished goods and goods for resale	<b>5,930,685</b>
	<hr/>

## 13 Debtors

	2021 £
Trade debtors	<b>1,270,787</b>
Amounts owed by group undertakings	<b>702,751</b>
Other debtors	<b>1,062,103</b>
Prepayments and accrued income	<b>2,648,658</b>
	<hr/>
	<b>5,684,299</b>
	<hr/>

All amounts shown under debtors fall due for payment within one period.

# CK Acquisitions Limited

Notes forming part of the financial statements  
for the period ended 28 March 2021 (continued)

## 14 Creditors: amounts falling due within one period

	2021 £
Trade creditors	1,604,136
Corporation tax	74,661
Taxation and social security	1,281,044
Other creditors	32,542
Accruals and deferred income	1,070,436
Bank loans	2,500,000
Amount owed to group undertakings	631,315
	<hr/>
	7,194,134
	<hr/>

## 15 Creditors: amounts falling due after more than one period

	2021 £
Shareholder loans	15,021,170
	<hr/>
The maturity of sources of debt finance are as follows:	
	Loans 2021 £
In one period or less, or on demand	2,500,000
In more than one period but not more than three periods	15,021,170
	<hr/>
	17,521,170
	<hr/>

During the period, the company borrowed funds from Sellers funding under a £5m working capital facility agreement. The loan drawdowns on the facility are repayable within one period of the drawdown. The loans accrue interest at a fixed rate equivalent to 10%. Issue costs of £62,500 were incurred, which have been deducted from the initial carrying value and charged to profit or loss. The cash for these loans was received net of the issue costs. The loan is secured against the company's stocks and receivables.

The Company issued loan notes to Barings Private Equity Asia V Holding (18) Limited, which accrue interest at 1% per annum.

## 16 Provisions for liabilities

	Deferred taxation (Note 18) £	Total £
At 20 March 2020	-	-
Charged to profit or loss	31,259	31,259
Charged to other comprehensive income	-	-
	<hr/>	<hr/>
At 28 March 2021	31,259	31,259
	<hr/>	<hr/>

# CK Acquisitions Limited

Notes forming part of the financial statements  
for the period ended 28 March 2021 (continued)

## 17 Pensions

Several pension schemes are operated by the company. Details of defined contribution scheme costs are shown in note 4, £32,544 was outstanding at period end in relation to these schemes.

## 18 Deferred taxation

### Deferred tax liabilities

	2021 £
Fixed asset timing differences	65,285
Short term timing differences	(34,026)
	<hr/>
At 28 March 2021	31,259
	<hr/>

### Deferred tax assets

The company has no unused tax losses or credits.

The net reversal of deferred tax liabilities expected in 2022 is £31,259. This is expected to arise because depreciation is anticipated to be higher than the available capital allowances. As the future deferred tax balances, if any, will be dependent on future changes in fair values of assets and liabilities, it is not possible to estimate any further future reversals.

## 19 Share capital

	2021 £
<i>Allotted, called up and fully paid</i>	
8,900,100 A ordinary shares of £1 each	8,900,100
1,000 B ordinary shares of £0.01 each	10
	<hr/>

On 20 April 2020, 8,900,000 A ordinary shares were issued to Barings Private Equity Asia V Holding (18) Limited at an exercise price of £1 per share. Total consideration paid was £8,900,000.

On 1 December 2020, B ordinary shares were issued to certain directors at an exercise price of £18 per share. Total consideration was £18,000 and the premium of £17,990 has been credited to the share premium account.

The A ordinary shares each carry one voting right. The B ordinary shares carry no voting rights.

During the period, C ordinary shares were authorized but not yet issued to management. The C ordinary shares carry no voting rights.

# CK Acquisitions Limited

Notes forming part of the financial statements  
for the period ended 28 March 2021 (continued)

## 20 Commitments under operating leases

### Lessee

The company had minimum lease payments under non-cancellable operating leases as set out below:

	2021 £
Not later than one period	300,000
Later than one period and not later than five periods	1,350,000
Later than five periods	-
Total	1,650,000

## 21 Related party disclosures

The ultimate controlling party of CK Acquisitions Limited is Barings Private Equity Asia GP V Limited.

During the period certain trade and assets of Cath Kidston Limited were acquired, whose registered office address was 125-135 Freston Road, London W10 6TH. The ultimate controlling party of Cath Kidston Limited was Barings Private Equity Asia GP V Limited, a company registered in the Cayman Islands with registered address: Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, Cayman Islands, KY1-1104.

During the period, Barings Private Equity Asia V Holding (18) Limited issued loan notes to the Company which accrue interest at 1% per annum. At 28 March 2021, £16,240,364 was owed to Barings Private Equity Asia V Holding (18) Limited.

Company Secretary services of £11,643.15 were used during the period by Vistra (Scotland) Limited. A major shareholder of Vistra (Scotland) Limited is also the ultimate controlling party of CK Acquisitions Limited. All transactions were conducted on an arm's length basis on normal trading terms. At 28 March 2021, £315.17 was owed to Vistra (Scotland) Limited.

During the period, the Company received Sourcing services and provided working capital funding to CK Acquisitions (Hong Kong) Limited. CK Acquisitions (Hong Kong) Limited is a sister company 100% owned by Barings Private Equity Asia V Holding (18) Limited. At 28 March 2021, £702,751 was owed from CK Acquisitions (Hong Kong) Limited for funds provided during the period, and £631,315 was owed to CK Acquisitions (Hong Kong) Limited for Sourcing services.

On 1 December 2020, B ordinary shares were issued to M Wikstrom and W Flanz. See further details in note 19.

## 22 Controlling Party

The immediate parent undertaking is Baring Private Equity Asia V Holding (18) Limited, a company registered in the British Virgin Islands with registered address Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.

The ultimate parent company is Baring Private Equity Asia GP V Limited, a company registered in the Cayman Islands with registered address: Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, Cayman Islands, KY1-1104.

CK Acquisitions Limited is not part of any group undertaking for which financial statements are drawn up.

# CK Acquisitions Limited

Notes forming part of the financial statements  
for the period ended 28 March 2021 (*continued*)

## 23 Net debt reconciliation

	At 20 March 2020	Cash flows	Capital Contributi on	Other non-cash Changes	At 28 March 2021
	£	£	£	£	£
Cash at bank and in hand	-	4,899,068	-	-	4,899,068
Bank loans	-	(2,500,000)	-	-	(2,500,000)
Shareholder loans	-	(7,193,825)	1,726,490	653,835	(4,813,500)
Shareholder loans (acquisition)	-	-	-	(8,900,000)	(8,900,000)
Net debt	-	(4,794,757)	1,726,490	(8,246,165)	(11,314,432)

Non-cash movements relate to:

- Capital contribution (being the difference between the fair value and book value of the shareholder loan)
- £653,835 interest rate imputed on the shareholder loan (interest is charged at 1% however a 5% market rate has been applied). Interest is payable on repayment of the loan notes.
- £8,900,000 of shareholder loan notes were issued and the funds then used as part of the acquisition consideration (note 5). No cash was received or paid by the company as part of this transaction.

There are no restrictions over the use of the cash and cash equivalents balances which comprises cash at bank and in hand.

## 24 Post balance sheet events

On the 22 February 2022 the repayment terms of the company's shareholder loan notes were extended from three to four years (April 2024).

On 30 June 2022, CK Acquisitions Limited was purchased by HUK 113 Limited, a UK registered company. HUK 113 Limited purchased 100% of the 8,900,110 shares, and is the immediate and ultimate parent company of CK Acquisitions Limited. As part of the transaction a working capital facility of £10m with a further £2.5m available in the event that the Company's existing working capital facility is not re-financed.